

ELEVENTH DAY.

Senate Chamber,
Austin, Texas,

Thursday, July 30, 1931.

The Senate met at 9 o'clock a. m., pursuant to adjournment, and was called to order by President pro Tem. Tom DeBerry.

The roll was called, a quorum being present, the following Senators answering to their name:

Beck.	Parr.
Berkeley.	Parrish.
Cousins.	Patton.
Cunningham.	Poage.
DeBerry.	Pollard.
Gainer.	Purl.
Greer.	Rawlings.
Hardin.	Russek.
Holbrook.	Small.
Hopkins.	Stevenson.
Hornsby.	Thomason.
Loy.	Woodruff.
Martin.	Woodul.
Moore.	Williamson.
Neal.	Woodward.
Oneal.	

Prayer by the chaplain.

Pending the reading of the Journal of yesterday, the same was dispensed with on motion of Senator Woodward.

Petitions and Memorials.

(See Appendix.)

Committee Reports.

(See Appendix.)

Bills and Resolutions.

By Senator Woodward:

S. B. No. 15, A bill to be entitled "An Act amending Title 102 of the Revised Civil Statutes of 1925 relating to oil and gas by adding thereto an additional title numbered 102A, further defining waste and further defining the powers and duties of the Commission in respect to the enforcement of the oil and gas laws as embodied in Title 102 Revised Civil Statutes of 1925 and all amendments thereto, and further providing the procedure before said Commission and in the courts in respect to the conservation of oil and gas and the enforcement of the rules and regulations of the Commission; amending

Article 6032 of the Revised Civil Statutes of 1925 relating to the tax on crude oil for the payment of cost and/or expenses incurred by the Commission in the enforcement of all laws in respect to the conservation of oil and gas, levying a tax of one-fourth of one cent per barrel on all crude petroleum produced in this State for such purpose, and providing for method of collecting same, amending Article 6014 of the Revised Civil Statutes of 1925 as amended by Chapter 113 Acts of the Regular Session of the 41st Legislature of 1929, defining and prohibiting waste of oil and gas, providing for notices and hearings upon orders of the Commission, providing for injunctions and appeals from said orders and penalties for violating same, providing that this act is cumulative of all other acts, and providing if any part of this act shall be held unconstitutional such holding shall not affect the remaining portions, and declaring an emergency."

Read and referred to Committee on State Affairs.

By Senator Woodward.

S. B. No. 16, A bill to be entitled "An Act creating the Conservation Commission of Texas to be composed of three men; providing the qualifications of its members, their terms of office, their method of appointment, and their salaries; transferring from the Railroad Commission of Texas to the Conservation Commission of Texas all jurisdiction, powers, rights and authority heretofore conferred and all duties heretofore imposed upon the Railroad Commission of Texas and its members under Title 102, Revised Civil Statutes of 1925, Chapter 313, Acts of 1929, Forty-first Legislature, Chapter 36, Acts of 1930, Fifth Called Session of the Forty-first Legislature, and all laws of the State of Texas relating to the conservation of oil and gas regulating gas utilities, pipe lines, and common purchasers of oil; providing that orders, rules and regulations of the Railroad Commission of Texas heretofore made shall not be impaired by this Act but shall continue in effect; defining the powers and duties of the Commission; prohibiting the use of any part of the funds received from the tax levied by Article 6032, Revised Civil Statutes of 1925, by

the Railroad Commission or for the payment of any cost or expense hereafter incurred by the Railroad Commission, and transferring all unexpended appropriations from said funds from the Railroad Commission of Texas to the Conservation Commission of Texas, levying a tax of one-fourth of one cent per barrel on all crude petroleum produced in this State for the administration of this law and other laws relating to conservation of oil and gas and for the payment of the salaries of the Conservation Commission; providing for the method of collecting said tax; repealing Article 6032, Revised Statutes of Texas; prescribing the powers and duties of said Commission; declaring the purpose and intent of this Act; and declaring an emergency."

Read and referred to Committee on State Affairs.

By Senator Neal.

S. B. No. 17, A bill to be entitled "An Act to prohibit the willful taking, injury, or destruction of trees, shrubs, vines, flowers, moss or turf on land of another, whether enclosed or not, or on land reserved, set aside or maintained by the State as a public highway or public park, or as a refuge or sanctuary for wild animals, birds or fish, without previous written permission of the owner of such land or of the superintendent or custodian of such park, refuge, or sanctuary; to prohibit the transportation, carriage or conveyance or the sale or the exposure for sale of certain wild plants, trees or parts thereof; making exceptions for scientific purposes; requiring certain officers and employees of the State to enforce this Act; and prescribing penalties for violation thereof; and declaring an emergency."

Read and referred to Committee on State Affairs.

By Senators Pollard, Small, Moore, Thomason, Neal, Parr, Greer, and Patton.

S. B. No. 18, A bill to be entitled "An Act to amend Chapter 36 of the Fifth Called Session of the Forty-first Legislature, enlarging the powers and duties of the Railroad Commission of Texas with reference to conservation, transportation, storage and purchase of petroleum and its products in this State; designat-

ing as public utilities the owners, operators and managers of storage tanks and storage facilities for the public hire; forbidding discrimination by such public utilities; providing for a bond to be filed by such public utilities; giving to the Railroad Commission of Texas jurisdiction over rates, rules and regulations governing the storage of crude petroleum and its products by such public utilities, the character of the facilities to be furnished, the forms of receipts to be issued, and the inspection, grading, measurement, deductions for waste, deterioration and delivery by such utilities; giving such utilities a lien for charges; providing for the filing and posting of monthly statements by such public utilities; and by common carriers by pipe lines; directing the Commission to establish rates of charges for gathering, transporting, loading and delivering crude petroleum, and to enforce rules and regulations pertaining thereto; establishing single and joint line rates and including shrinkage, demurrage, storage and overage; directing that the basis of such rates shall be a fair return on the aggregate value of the carrier used and useful in such operations; directing the Commission to immediately re-set all rates in accordance with said basis; to establish rates on new lines on such basis; to hold hearings on petitions of interested parties that rates do not conform to said basis; directing and requiring a general hearing once each year, and repealing Article 6037; vesting in the Railroad Commission of Texas jurisdiction to authorize and require common carriers by pipe line and public utilities, as defined by this Act, to extend and enlarge their respective facilities under certain conditions; designating as common purchasers every person, association of persons or corporation, now or hereafter, engaged in the business of purchasing crude petroleum which is affiliated through stock ownership, common control, or otherwise, with a common carrier; forbidding discrimination in the purchase of crude petroleum, except as authorized by the Railroad Commission of Texas; defining common purchaser of natural gas to be one claiming the rights to carry and transport by pipe line, or engaged in the business of purchasing same; prevention of discrimina-

tion as between producers by said common purchaser; prohibiting them from discriminating in price or amounts for like grades, and prohibiting discriminating in favor of their own production; directing the Railroad Commission to make rules and regulations for same, and to prevent such discrimination; providing for appeals to the courts; establishing procedure, and permitting interested persons or the Attorney General to institute proceedings or demand hearings; providing for penalties of not less than One Hundred (\$100.00) nor more than One Thousand (\$1000.00) Dollars per day; for forfeitures of charter of a domestic corporation; providing for injunction to cancel permit of foreign corporation; granting cause of action against common purchaser by person discriminated against; directing the Railroad Commission to require reasonable extensions of lines; directing the Attorney General to bring mandatory injunction suits; and for receivership for repeated violations; preventing discriminations between royalty owners, and prohibiting unreasonable delay in payments thereof, and providing a cause of action; making the law self-enacting, and authorizing the Attorney General to proceed without orders of the Commission; providing for proceedings on appeal, and providing that the invalidity of one section of this Act shall not affect the others; that this Act is cumulative of all other laws, and providing an emergency."

Read and referred to Committee on State Affairs.

By Senator Gainer.

S. B. No. 19, A bill to be entitled "An Act amending Section 5 of Chapter 15, Local and Special Laws, Acts Second Called Session, Forty-first Legislature, relating to the creation of the Brazos River Conservation and Reclamation District and the establishment of the boundaries thereof; reappropriating for said purpose the unexpended balance of Twenty Thousand Dollars appropriated for said purpose by Chapter 35, General Laws, passed at the Regular Session of the Forty-second Legislature, and limiting the time in which said appropriation may be expended to prior to June 1st, 1932, and declaring an emergency."

Read and referred to Committee on Mining, Irrigation and Drainage.

By Senator Gainer.

S. B. No. 20, A bill to be entitled "An Act to amend Section 1 of House Bill No. 818, Chapter 319, Acts of the 42nd Legislature; Regular Session, 1931, page 834, Session Laws, conferring upon all counties adjacent to the Gulf of Mexico the right of eminent domain, where land, right of way or easements or dumping ground privileges are necessary to be secured for the construction of an intra-coastal canal; providing for the institution of such proceedings in the name of the county, and that the assessing of damages shall be in conformity to the statutes of the State of Texas, for the condemning and acquiring right of way by railroads, and providing that no appeal shall cause suspension of work, and that counties shall not be required to give appeal bond or bond for costs; and authorizing the commissioners' courts of such counties to issue time warrants bearing interest not exceeding eight per cent (8%) per annum to be used in the payment either by outright purchase or after condemnation proceedings of lands for right of way or easements and dumping ground purposes for an intra-coastal canal; and declaring an emergency."

Read and referred to Committee on Mining, Irrigation and Drainage.

S. B. No. 18 Ordered Printed.

On motion of Senator Pollard advance printing of S. B. No. 18 was ordered.

Motion to Print.

Senator Woodward moved to print S. B. No. 14 in advance of consideration. The motion prevailed.

Senate Bill No. 2.

The Chair laid before the Senate as special order the following bill:

By Senator Cunningham:

S. B. No. 2, A bill to be entitled "An Act declaring soil suitable to growing cotton, one of the natural resources of the State, and in need of preservation and conservation on account of root-rot, a soil disease

that is fast spreading, and if not checked will impair and injure the soil, of the entire State, and further declaring that planting land to cotton without rotation aids the spread of said disease, and prohibiting all persons, partnerships, associations and corporations who own, lease or rent land from growing cotton during the year 1932 on more than one-half of the land previously cultivated in cotton during the year 1931, and prohibiting planting cotton two years successively, without rotation and making the violation thereof a misdemeanor, and fixing the punishment, also making it a duty of the Commissioner of Agriculture to procure similar laws in other States, and declaring an emergency."

At Ease.

Senator Pollard received unanimous consent, at 9:22 o'clock a. m., for the Senate to stand at ease subject to the call of the Chair.

In Session.

The Senate was called to order at 6:05 o'clock p. m., by Lieutenant Governor Edgar E. Witt.

Message from the Governor.

The Chair recognized the Door-keeper, who introduced a messenger from the Governor with the following message:

Executive Office,
July 30, 1931.

To the Senate Forty-second Legislature:

Listed below are recess appointments which have been made and which are submitted to the Senate for confirmation:

Honorable James T. Brooks of Big Spring as Judge of the 32nd Judicial District.

Honorable Lex Smith of Teague as Judge of the 87th Judicial District, to succeed Judge W. R. Boyd, resigned.

Honorable O. L. Parrish of Balinger as Judge of the 119th Judicial District.

Honorable T. O. Davis of Center, as Judge of the 123rd Judicial District.

Honorable Eugene F. Mathis of San Angelo as District Attorney of the 119th Judicial District.

Members of the State Board of Health for the ensuing statutory terms:

Honorable J. M. Spoonts of Wichita Falls.

Dr. Ralph A. Ericson of San Antonio.

Honorable J. M. Howe of Houston.

Members of the Advisory Civil Judicial Council for the ensuing statutory terms to succeed themselves:

Judge J. H. Barwise of Fort Worth.

Judge A. H. Britain of Wichita Falls.

Judge R. L. Ball of San Antonio.

Members of the Board of Mansion Supervisors :

Mrs. Mildred Moody of Austin, Chairman, for the term expiring January 1, 1936.

Mrs. Moah P. Sanderson of Texarkana, Texas, for the term expiring January 1, 1934.

Mrs. Dudley Woodward of Austin, for the term expiring January 1, 1932.

Members of the Board of Directors of the Lower Rio Grande Water Conservation District of Texas:

Hon. A. W. Cunningham of Harlingen.

Hon. H. L. Yates of Brownsville.

Hon. E. C. Couch of Weslaco.

Hon. Clay Everhard of Pharr.

Hon. W. A. Harding of Raymondville.

Hon. Horace Guerra of Roma.

Hon. F. S. Robertson, San Benito.

Respectfully submitted,

R. S. STERLING, Governor.

Read and referred to Committee on Governor's Nominations.

Message From the House.

Hall of the House of Representatives,
Austin, Texas, July 30, 1931.

Hon. Edgar E. Witt, President of the Senate:

Sir: I am directed by the House to inform the Senate that the House has passed the following bill:

H. B. No. 4, A bill to be entitled "An Act making an appropriation of thirty thousand dollars (\$30,000) to be used by the Attorney General for the purpose of paying the expenses of investigating and prosecuting violators of conservation and anti-

trust laws of this State, and declaring an emergency."

Respectfully submitted,
LOUISE SNOW PHINEEY,
Chief Clerk, House of Representatives.

House Bill Referred.

H. B. 4 referred to Committee on Finance.

Adjournment.

On motion of Senator Woodward, the Senate, at 6:17 o'clock p. m., adjourned until 10 o'clock tomorrow morning.

APPENDIX.

Petitions and Memorials.

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HONORABLE J J LOY—

STATE SENATE CHAMBER
AUSTIN TEX—

UNCLE JAKE I AM INFORMED BY THE GRAPEVINE TELEGRAPH THAT IT IS BEING MALICIOUSLY HINTED IN AUSTIN THAT I HAVE "HIDDEN OUT" FROM THE INVESTIGATING COMMITTEES OF THE HOUSE AND SENATE IN ORDER TO SHIELD GOVERNOR STERLING FROM SOMETHING ABOUT WHICH I KNOW WHICH WOULD IF TOLD BEFORE THOSE COMMITTEES SUBJECT HIM TO IMPEACHMENT CHARGES THAT IS WHOLLY FALSE AS YOU KNOW I AM SIMPLY A SICK MAN HERE AT THE MAYO CLINIC FOR THE ELEVENTH TIME AM HIDING FROM NO ONE NEITHER AM I ATTEMPTING TO SHIELD THE GOVERNOR MYSELF OR ANYONE ELSE FROM ANYTHING PLEASE HAVE THIS TELEGRAM READ INTO THE SENATE JOURNAL IN THE INTEREST OF FAIRNESS TO BOTH THE GOVERNOR AND MYSELF PERSONAL REGARDS—

CARL ESTES.

TRANSCRIPT OF TESTIMONY.

Thursday, July 30, 1931.

Morning Session.

The Chairman: The Committee on State Affairs will please come to order.

Senator Pollard: It is my understanding that Harry Sinclair is now at Tulsa, Oklahoma. I wish to move that the Committee on State Affairs wire him to appear here this afternoon. He can get here by airplane in plenty of time.

Senator Rawlings: I second the motion.

The Chairman: The Senator from Smith moves that the Senate extend an invitation to Harry Sinclair to appear before the committee on State Affairs this afternoon. All those in favor of the motion will say "aye."

The motion to extend an invitation to Harry Sinclair to appear before the Committee on State Affairs was put before the committee, and carried.

The Chairman: The Senator from Smith will write the telegram asking him to appear here, and sign my name to it.

Members of the committee, Mr. Bowles, who is statistician of the Independent Petroleum Association of America has been in the city for some ten days, and someone has requested that he appear before the Senate Committee. Mr. Bowles would like to conclude his services in Austin, and if it be the pleasure of the Committee we will invite him to be the first witness.

Charles E. Bowles, a witness before the Committee on State Affairs, was sworn and testified as follows:

The Witness: My name is Charles E. Bowles, of Tulsa, Oklahoma, statistician of the Independent Petroleum Association of America, with headquarters in Tulsa, Editor of our monthly magazine.

The members of the Senate have heard an enormous amount of technical and practical operating testimony. I would like this morning to submit for your consideration some of the economics of the general oil situation, and of the situation in Texas, because that general statistical and economic position of the industry will have to be conformed to

it if any legislation of the Senate and the House is really effective. I would like to call your attention to the fact that in the last thirty years the State of Texas has produced approximately two and a half billion barrels of oil. Seventy-eight per cent of that oil has been produced in the last ten years. The average price at the well of all the oil produced in Oklahoma—I mean in Texas—in this ten years is \$1.28 a barrel. One-half of all the oil produced in the State of Texas has been produced in the last five years—in five years you have produced one-half of all your total production over a period of more than thirty years. The average price at which one-half of all your oil, or the oil produced in the last five years, is \$1.14 a barrel. Let's get clearly in mind the fact that three-fourths of all your oil has sold for \$1.28. One-half of all your oil has sold for \$1.14 a barrel at the well. The last half of 1930, according to the Quarterly Production Reports, the value of oil produced in the State of Texas was 86 cents a barrel. We are all familiar with what the price of Texas oil is today. We have heard a great deal about the adjustment of supply to demand, both in Texas and in the United States. I want to call your attention to the fact that in the year 1930, the State of Texas produced in round numbers 290,000,000 barrels of oil. The refineries of Texas run to stills 215,000,000 barrels, leaving a surplus in round numbers of 75,000,000. Now, this means, Senators, that out of every eight barrels of crude oil produced in the State of Texas last year, five barrels went through refineries in your State; three barrels went outside the State, or went into storage. Let's get that fact clearly in mind in connection with supply and demand. You folks have had a surplus of crude oil for nearly thirty years down here. There never has been a year but what you produced more crude oil than you had a market for. Let's look at the refinery output. You run to stills 215,000,000 barrels. You produced 101,000,000 barrels of gasoline. I checked up yesterday with your Comptroller's office, and found that last year there were consumed in the State of Texas approximately 20,000,000 barrels of gasoline. Therefore, if your refineries produced 101,000,000 barrels

of gasoline last year, and your total consumption of gasoline within the State was approximately 20,000,000 barrels, you had in round numbers a surplus of 80,000,000 barrels of gasoline, that you had to find a market for outside of your State. This means, gentlemen, that out of every five barrels of gasoline made in the State of Texas last year, one barrel was consumed inside of Texas, and four barrels had to go outside of Texas to find a market. Now, in connection with the two words which I think are the most indefinite words that are used in connection with the oil industry today—the two words "market demand", I think we should take clearly and definitely into consideration the fact that out of every eight barrels that you produce in this State, there are five barrels refined in the State, and three barrels either have to go into storage or go outside of the State to find a market; and out of every five barrels of gasoline produced in this State, there is only one barrel consumed inside of the State, and four barrels have to go outside of Texas to find a market. In connection with market demand, remember this, that when you are selling your product, whether it be raw product or finished product outside of your state, if you have a surplus, that either the factories of this State or the consumers of this State cannot absorb, then the man outside of the State is in control of your market. He is the man who names your price. Last year the State of Texas produced 290,000,000 barrels of oil. Of this amount, the Humble Oil Refining Company produced approximately 29,000,000 barrels; the Gulf Company, a little over 28,000,000 barrels; the Texas Company, almost 17,000,000 barrels; the Mid-Kansas about 15,000,000; the Shell, about 14,000,000; the Magnolia, 11,000,000; the Southern Crude Oil Purchasing Company, a subsidiary of the Standard of Indiana, over 9,000,000; the Pure Oil Company, almost 9,000,000; the Continental Oil Company, 6,000,000; and the Sun Oil Company, 3,500,000. Now, gentlemen, these ten companies produced 142,000,000 barrels of oil in Texas last year, out of a total of 290,000,000 barrels, or approximately one-half of all your oil. That means that ten companies are producing fifty per cent of the oil in the State of

Texas, and that they certainly have a very definite and a very intimate interest in any legislation here that has to do with crude oil. There are about 1150 producing oil companies in Texas; therefore, ten companies produced fifty per cent of your oil, and 1140 produced the other fifty per cent. I said that something over 215,000,000 barrels of oil were run to refinery stills last year in Texas. In that connection, I want to call your attention to the fact that I have on this sheet of paper here listed the ten companies who produced fifty per cent of the oil. Those ten companies have a total crude throughput capacity of 592,000 barrels a day. They have a cracking capacity of 443,000 barrels a day. If you will divide 215,000,000 barrels a day by 365, you will get a daily average of 590,000 barrels; that means the refineries of Texas last year ran an average of 590,000 barrels of crude oil through their stills; and it also means that these ten companies who are producing fifty per cent of the crude have a combined crude throughput capacity of slightly in excess of your crude that was run to stills. That does not mean that they run all the crude, and all the other refineries shut down; but I do think you can see that these people producing fifty per cent of the crude and having an aggregate throughput capacity of in excess of what was actually run last year, certainly have a very keen interest in both the crude oil and the so-called market demand for refined products.

If you please I would like to file these two sheets as a part of the record. I would also like to call your attention to the fact that these same ten companies, Humble, Gulf, Texas, Mid-Kansas, Shell, Magnolia, Southern Crude Oil Purchasing, Pure Oil, Continental, and Sun Company have aggregate assets of five billion six hundred and seventeen million dollars, and estimating the assets of the entire oil industry of the United States, as they were stated I think by Mr. Farish of the Humble Company at about twelve billion dollars,—this doesn't mean that all of the assets of these ten companies amounting to five billion six hundred million dollars are invested in Texas, but it does mean that these ten companies with all of their ramifications,

represent nearly half of the assets of the entire industry, and of course as their operations go outside of Texas, and as their crude oil,—as your surplus crude oil has to go out of the State, and as your surplus refined product has to go out of the State, these ten companies who represent nearly one half of the assets of the industry necessarily are tremendously interested in your proposition.

Q. (By Senator Martin) Have you that last information you gave in the form of an exhibit that may go into the record?

A. Yes, sir, it is. I will offer this exhibit. The industry in the State of Texas is coping with the gigantic proposition in the shape of the East Texas oil field. The State of California has had to cope with the same general situation back in 1923; the State of Oklahoma had to cope with the same situation in 1927 with its Seminole oil field. In 1926, the year in which the Seminole oil field came in, in Oklahoma we produced eleven million barrels of oil. In 1927 that field produced one hundred and thirty-six million barrels of oil; in 1928 it produced one hundred and five million barrels of oil; in 1929, one hundred and one million barrels of oil. This is a total of three hundred and fifty million barrels of oil, and approximately one-third of the billion barrels. In referring to these ten large companies who represent a large part of the industry both in Texas and in the United States, it is interesting to note that in the production of the Seminole field over a period of three and a half years, within which time they produced three hundred and fifty three million barrels of oil that fifteen large companies produced eighty three per cent of that oil and all of the other producers operating in the Seminole field only produced seventeen percent.

I cannot help but call your attention to the tremendous stake and I use the word stake in the kindest sense of the word and not in a critical sense, but when you stop to think of the tremendous stake the big companies in the big new fields that come in, you appreciate something of the pressure on the industry in acquiring sources of raw ma-

terial. It must have been a matter of tremendous importance to the operators of Oklahoma, when the Seminole field was going through that period of flush production for these fifteen gigantic corporations to have produced eighty-three percent of that total production of three hundred and fifty three million barrels.

I was in the gallery of the House when President Farish of the Humble Company stated that he had permitted that the utmost production of East Texas would be under present operating conditions, anywhere from a billion and a half to two billion barrels, and under good or improved operating conditions it would be fifty percent more. Let us accept for the sake of the argument the figure of two billion barrels for the ultimate recovery of the East Texas field. I just stated a while ago that the average price of Texas oil over a ten year period was a dollar and twenty-five cents a barrel. Let us take a dollar a barrel as the average price of all of the oil that will be recovered in East Texas during the life of the field. Two billion barrels at a dollar a barrel is two billion dollars. My figures which I will show you here shortly, the ratio of value between a barrel of crude oil and the final price that is paid for the product based from it, as sold at the filling stations and the drug stores, and wherever those various products are sold, is about five for one. That means that a dollars worth of crude oil finally manufactured into its finished products and retailed to the ultimate consumer is five dollars. Accepting that ratio of five dollars for one, let us take two billion dollars worth of crude oil and you can readily see that when it is finally made up into the finished products and sold to the ultimate consumer there is ten billion dollars worth of finished products lying over there in the Eastern part of the State, concerning which you are here to pass Legislation.

I cannot conceive of how much ten billion dollars is, but it must be a tremendous incentive for these gigantic companies to know and provide adequate sources of raw material. They must have a tremendously pressing

interest in the ownership of those properties.

We all know how the price of crude oil has gone down in Texas, and especially in East Texas. We folks up in Oklahoma saw our oil go from a dollar and twenty nine a barrel a year ago, first to ninety-five cents, then to fifty-nine, then to thirty-three, then to eighteen. We have suffered with you folks; we have got an interest with you, and the folks of the Kansas the same, and the folks throughout the Mid-continent the same and throughout the United States. We have a common problem, we are working with you and trying to solve it, because it is one in which the interest or loss of revenue to the State, and the loss of revenue to the industry is so staggering that we must all of us work together to find some solution for this present pressing problem.

Q. (By Senator Pollard) How much empty storage was there about sixty days ago?

A. Where?

Q. In the United States?

A. I don't know how much empty storage there was, and I don't believe that figure would be available unless it is in the private records of the Standard Oil Company of New Jersey, or some of those very gigantic organizations. That fact I think would not be given out by the United States Bureau of Mines. I can tell you about how much oil was in storage.

Q. About how much?

A. In round numbers about five hundred million barrels, I mean crude storage. Now refined storage is different, we have been carrying from a hundred to a hundred and twenty-five or a hundred and fifty million barrels of refined products in storage.

Q. Do you suppose there would be as much as a hundred or fifty million barrels of empty storage sixty days ago?

A. You mean in East Texas or throughout the United States?

Q. Throughout the United States?

A. The best figures that I have ever been able to get is that the crude storage in the United States, that is the storage that is used for crude, as segregated from the storage at re-

fineries used for the refined product, is around between seven hundred and eight hundred million barrels. I don't know of anybody outside of the executive of the big companies that have ever revealed any figures in that regard, but it is safe to estimate that we have from a hundred to a hundred and fifty million barrels of surplus storage.

Q. Empty storage?

A. Yes, sir. Now here is where you may be deceived or misled, when you take the aggregate empty storage of the United States, because this empty storage may not be economically available. For instance, there is a lot of empty storage that Mr. Sinclair or others built in Wyoming when they thought they were going to get a whole lot of oil out there, they built a lot of storage, and that is largely empty. Now the total storage empty in the United States, while the figures might seem to offset anything you are looking for, it may not be economically available, that is the storage that is empty may not be where you want it. It is generally the trouble with a flush field.

Q. Granting there is one hundred and fifty million barrels of empty storage, and if that could be filled with ten cent oil and the price should jump to a dollar a barrel, how much would it increase the assets of the folks owning the storage?

A. Well, I think that they would re-inventory their crude oil at the increased price undoubtedly.

Q. How much is ninety time one hundred and fifty million?

A. Well, it would be about one hundred and thirty-five million dollars; it would increase it at least that much.

Q. That would not hurt the major companies, would it?

A. It would be a fine thing for the red ink some of them have been using for some time.

In connection with the dollar oil and the ten cent oil in Texas, may I call your attention to this fact; when Seminole got its big field in 1927, and produced one hundred and thirty six million barrels of oil, the posted price of thirty-six gravity oil in Oklahoma and the Kansas area was one dollar and twenty-eight cents per barrel. During 1927 when Seminole

produced one hundred and thirty-six million barrels of oil the price rose steadily. In 1928 it produced one hundred and five million barrels and the price held until July, 1928. I will read you a little printed document here that will give you that information as to the price. Remember that Seminole hit its high peak five hundred and twenty-seven thousand four hundred barrels on July the 30th, 1927, and the price of thirty-six gravity Oklahoma crude did not change, in fact it remained at one dollar and twenty-eight cents a barrel until July, the 27th, 1928, when it went to one dollar and twenty-six. There is rather a peculiar thing that a major oil field would go through its flush production and figures here when the price was a dollar and twenty-eight cents, and the price did not change, and the next year when the production was one hundred and one million barrels the price actually went up from one dollar and twenty-eight cents to one dollar and thirty-six cents. On January, the 25th, 1929, it dropped to one dollar and twenty cents and on May 20th, 1929, it went to one dollar and forty-five cents. During these three years, 1927, 1928, and 1929 the top price was one dollar and sixty-seven cents and the bottom price, one dollar and twenty cents. In 1927 Seminole produced one hundred and thirty-six million barrels of oil, in 1928 it produced a hundred and five million barrels, and in 1929 it produced one hundred and one million barrels.

The price of crude oil went to \$1.45. During these three years, 1927, 1928 and 1929 the price of 36 gravity, Oklahoma-Kansas crude was \$1.67. And the bottom price was \$1.20. In 1927 Seminole produced one hundred and thirty-six million barrels; in 1928 it produced one hundred and five million barrels and in 1929 it produced one hundred and one million barrels. I merely cite these facts gentlemen, in your search for why the price of crude oil in Texas, East Texas today, is around fifteen or twenty cents, whatever your price is and why the price up in Oklahoma ten days ago when I was there was eighteen cents a barrel.

We are all of us groping,—sometimes think groping in the dark for the reason why, and when we go

back to our fields in Oklahoma that in three and a half years produced three hundred and fifty-three million barrels and in which the price structure rose steadily, that we should be confronted with the peculiar, the amazing spectacle of a field coming in over here that undoubtedly this year will not produce as much oil as Seminole produced at its peak, or even the next year or possibly the year after, that our price structure is shattered. Hundreds of oil companies are ruined and we are all searching for the answer.

I would like to call your attention now to these several sheets. In the last analysis, gentlemen, the oil industry of the United States is two different propositions, it is intensely local and at the same time it is national. Unfortunately you have to look at the oil industry from two different angles. You have to consider it as purely a local proposition just like our friends do in East Texas today. The East Texas oil field is intensely a local proposition to those folks over there, and they have their viewpoint. It is also a proposition that affects the State of Texas because all oil produced within the State of Texas is reflected in the condition of the industry in the State as well as in your State revenues and taxes, and so forth, so you have an extremely intense interest in that. Then again, the oil produced in Texas is directly connected with the national picture and I would like to present it in both ways to you. Finally, in the production of oil in the United States, you either have a surplus or a shortage, you either produce more than you need, or less than you need. Now, that question of overproduction which, by the way, is one of those much overworked words. You have to have over production, a surplus, in order to have enough to fill up the gaps at some other place. That is so simply, an economic principle, that there is no discussion of it. So, let's just take these different areas in the United States. I have taken an outline map of the United States and divided it into ten areas. These are the same as those followed by the United States Bureau of Mines. Here you have the Atlantic Seaboard, that does not produce a barrel of crude oil, not a barrel. Here is the Appalachian area, they had a shortage

last year of six million barrels. Here in the Indiana-Illinois area they had a shortage of one hundred and three million barrels. The areas in which you had a shortage are all in red ink, and in that connection may I say that there is less than five or approximately five per cent of the crude oil of the United States produced east of the Mississippi river. Ninety-five per cent is produced west of the Mississippi,—two-thirds of all oil produced in the United States is produced in this area right down here. Now, in arriving at those figures I have a great mass of detailed figures I will not bother you with, but I have taken the production and imports, if there were any, and took the amount of crude runs to refiners, and the amount of crude used for other purposes, and the amount exported, and balanced it up. In other words, I took the total supply of crude oil and balanced it against the total demand.

Now, there are six areas in the United States,—one, two, three, four, five and six,—six areas that are short. In this area they do not produce as much crude oil as they have a market for. They have got to go out some place else and get their shortage. We have one, two, three, four, areas here that has a surplus. Those areas are producing more oil than they have a market for. Therefore, the surplus in some of these areas goes over to fill in the shortage of other areas. Let's take your State of Texas, and the United States Bureau of Mines divide it into inland Texas and the Texas Gulf Coast. In inland Texas, which takes the area here to the north, you have a shortage of one hundred seventy-five million barrels,—I mean a surplus. You have a surplus of one hundred seventy-five million barrels. You had that last year. That is about five hundred thousand barrels a day. That means the producers of crude oil in inland Texas had to find a market every twenty four hours for a half million barrels because when they produced all the oil they did produce, which was two hundred thirty eight million barrels, and run to stills sixty million barrels, and so on, they still had one hundred and seventy five million barrels to find a market for. On the other hand, down in the Gulf Coast which has

enormous refining capacity they were short in round numbers a hundred million barrels, so there is where you find you have a surplus of seventy-five million barrels a year, or about two hundred thousand barrels a day. Without going into details, of these other surplus areas, and the shortage, I would say that in Oklahoma, Kansas we had a surplus there of one hundred and forty one million barrels, Arkansas and northern Louisiana thirteen million barrels, the area of the State of Indiana, largely reflected by this, they had a shortage of a hundred million barrels. Now, let us see what happens when you talk about market demands for crude oil. You only have a market here for the crude oil which you run to refinery stills in inland Texas, or down here in the Gulf Coast. That in one way represents your market demand, if you want to state it in those words. Now, any surplus you have has to go outside of that area. Let us see what happens to the Oklahoma-Kansas area. We have a surplus of one forty one million barrels, and over here is a shortage of one hundred and three million barrels, and here is another surplus of thirteen million barrels. That is one hundred and forty-five million barrels of surplus. Here is a shortage of one hundred and one million barrels. If every barrel of surplus oil in this area went up here they could not absorb it,—they can only absorb what they are short and the rest has to go into storage or find a market some place else. Now, when the surplus, after filling the needs of this area, starts down here, it has to flow up against this surplus, this flood of oil from East Texas here at a very cheap local price, and therefore the oil starting to flow south is dammed up, this flood of tremendous production in East Texas, and also of the State of Texas, because you have one hundred and seventy five million barrels surplus there and have only a market for ninety-nine million barrels. Now, that is just a case of economics, there is no mystery to that. You have just got more in the upper part of the mid-continent than these folks can absorb, and you have more in the lower part than these folks can absorb, so each of you has to find

a market. You good folks in Texas produce more oil by seventy-five million barrels than you have a market for. We produce a lot more up here than we have a market for.

The Chairman: The witness has thirty minutes left.

Senator Cousins: If we put an export tax on oil, and if that would hinder our world market, it would be the wrong thing to do?

A. Hinder our worlds market?

Q. Yes.

A. I don't think that would hinder it. The other fellow is taking care of that.

Q. I just want to get your idea on it?

A. Yes, sir. Now, in order to get the other picture on what has happened in the price structure. The purchaser of crude oil ultimately is the reason of it. Lets take the average price at the well of the oil produced in the Mid-Continent field. That is in Kansas, Oklahoma, Texas, Arkansas and Louisiana. And lets take it over a thirteen year period, from 1918 to 1931. I have made a zig zag black line here which shows the price. In 1918 the average price of oil in these five states,—and in order to be fair I took my State, the average price of oil of \$2.13, then \$2.15, then during 1920 it was \$3.29. The price of oil as I have said has tended gradually downward until the average price of the Mid-Continent oil today is less than half of what it was at this period here. In other words; the crude oil produced in this area is selling at the wells at less than half of what it sold back during this period. Lets take the record as shown by the United States Bureau of Mines on the gasoline which they get out of a barrel of crude. In 1918 it was 25%, and you can see it step up gradually until last year it was 49.8; practically 50%. That means the recovery of gasoline from crude oil has doubled in this period and it also means that the price of crude oil has been cut in half. Now, gentlemen, that simply means this, that the refinery is able to buy his raw material for half of what he did and he is able to get twice as much out of it. Now, figure that out and you will get a ratio of four for one.

I have made a little tabulation of what happened in our three states, Oklahoma, Texas and California during the period in which each of them went through its great flush production. In 1923 is when California,—I have placed them in red,—California went through its flush production in 1923. The production in California jumped from 138 million barrels to two hundred and sixty three million barrels. The production of the State increased one hundred and twenty five million barrels. The average price of crude oil in California dropped from a dollar and a quarter to ninety-two cents. Now, get that clearly in mind,—the price in spite of that flood of oil dropped from a dollar and a quarter to ninety-two cents. The production of the United States as a whole increased one hundred and seventy-four million barrels and the price dropped from \$1.61 to \$1.33. Bear this in mind, the storage of crude oil in the United States increased 82,000,000 barrels and the imports were 82,000,000 barrels, a direct offset. This is California in red. That represents what happened in California the year that it went on a rampage. Texas production increased twelve million and the price of crude oil dropped from 1.59 to \$1.48. Oklahoma production increased eleven million barrels and the price went up \$1.72 to \$1.74. Let's take the year I was speaking of, when I was speaking of Seminole, 1927. The production in Oklahoma in 1927 increased ninety nine million barrels. The price of crude oil,—this is the year of Seminole,—dropped from \$2.31 to \$1.43. Texas production increased fifty million barrels and the price dropped from \$1.85 to \$1.14. California production increased six million barrels and the price dropped from \$1.54 to \$1.13. The production of the United States as a whole dropped one hundred thirty million barrels — —

Senator Woodward: (Interrupting) Dropped or increased?

A. Increased, and the price dropped from \$1.88 to \$1.30. The storage increased seventy-one million barrels and the imports were fifty-eight million barrels, or approximately an offset. Now, gentlemen, back of all this are these facts, this

is what the flood of oil from California did to the California price structure and was reflected probably in the other states, and in the United States. This is what the flood of oil from Oklahoma during the Seminole period did to the price structure in Oklahoma and was reflected in Texas and in California, and in the United States. Now, let us see what will happen this year. I have taken what I believe are extremely conservative figures. I estimate the production in Oklahoma this year will be one hundred and ninety million barrels, or twenty-five million barrels less than there was last year. I estimate that the production of California will be one hundred and eighty five million barrels, or forty three million barrels less than last year. I believe that conservatively you folks will produce a minimum of three hundred and five million barrels in Texas this year and a maximum of three hundred and twenty-five million barrels. I have a schedule here on which I have outlined that last estimate. I will not bother to go over that on account of the shortage of time. But if you produce three hundred and five million barrels this year, which is an excess of fifteen million barrels, the shortage will go down thirty-five million barrels. Let's bear this in mind and see the startling effect in the price structure when your East Texas oil field goes on a rampage, as compared with Oklahoma when it had a flood of oil and California when it had a flood of oil. Let's see what will happen over there this year. Oklahoma production will probably go down 25,000,000 barrels and California production will probably go down 43,000,000 barrels and Texas production will probably go up 23,000,000 barrels, and it might go higher than that, but I estimate the aggregate production in the United States will go off 66,000,000 barrels. Last year the production of the United States was 111,000,000 barrels less than it was the year before. I estimate that this year the production of the United States will be 66,000,000 barrels less than it was last year, and I am taking into consideration the fact that you folks will produce probably from 80,000,000 to 110,000,000 or 115,000,000 barrels

in East Texas, and this is what will happen—it has happened already in every one of these fields in the United States—I distributed a couple of days ago a chart here showing you fifty-five major oil fields of the United States.

Senator Martin: Will the gentleman yield for a question?

The witness: Yes, sir.

Senator Martin: Back in 1930 and 1931 you didn't give the storage or importation.

The witness: I didn't? I beg your pardon.

Senator Martin: Will you give that?

The witness: The storage will go down 35,000,000 barrels.

Senator Martin: How is that now?

The witness: The storage in the United States will decrease 35,000,000 and the imports will be about 48,000,000. I checked this with Mr. Swanson the other day and the figures of the United States Bureau of Mines and these figures are reasonably close together. Let me go back just a moment and emphasize this: that when California increased her production 125,000,000 barrels the price structure dropped from \$1.25 to 92 cents; when Oklahoma had a flood of oil the price structure dropped from \$2.31 to \$1.43. When Texas had a flood of oil the price structure goes all to smash. Now, you can draw your own conclusions—I am not drawing them for you; I am telling you what happened. Now, going back to this little chart, if you will study these fields, the big lines going up and down, you will notice that with nearly every one of these fifty-five major fields it went up in one year; some of them took two years to hit the peak, and you will also notice that they went down in about one year—that it took one to two years to go down. Now, that being true, you can take in one of the big fields and by checking the small fields you will find that when the big fields come in it shuts down the other little fields in the state and many outside of the state. Now, that is what happened here—the same thing happened when Oklahoma had its flood of oil—it shut down a lot of Texas production, and when California had its flood of oil it reflected over in Oklahoma. Of course, we had these figures (indicating), but it would have been

greater if this had been less. Now, in getting to the economics of your situation here in Texas, it is an amazing thing our price structure has collapsed like it has in face of the fact that nothing comparable to that has ever happened before in the seventy-two years of the history in the United States—of oil. We have had this when our great flush fields came in and the price structure locally collapsed—that is, it went down, but never comparable with the present situation.

Senator Woodward: Mr. Chairman.

The Chairman: Senator Woodward.

Senator Woodward: I think probably the attention of the witness ought to be called to the fact that his time will expire in ten minutes. He may have some special matter that he otherwise would not urge.

The witness: I have a mass of figures here that I am not going to bother you with, only to draw conclusions. I will condense the whole thing in two or three simple statements. In this period of thirteen years we have produced in the United States 8,894,000,000 barrels and had a market for 9,580,000,000, and we have produced, as surprising as the statement may be, 686,000,000 less barrels of oil here in Texas than we have had a market for. That has been made up by importing 1,010,000,000 barrels of foreign oil in that same period, which is an excess of imports of 341,000,000, and this has run our stock from 171,000,000 to 512,000,000. Now, I am not saying that all the foreign oil went into storage, but that excess storage has been reflected in increased stock. Now, I referred a moment ago to this ratio of one to five. Without going into details on this sheet—I have based it, by the way, on last year. In 1930 we ran to stills 860,000,000 barrels of domestic oil and 60,000,000 barrels of foreign oils, and the value was one billion, one hundred one million dollars. When I came down here I went over very carefully and verified all the prices and everything else. The retail value of the products made from this oil was five billion, five hundred seventy-five million, so if you take 1,100,000,000 barrels of raw material and flow it through the refineries and filling stations and the sales places, you wind up with the ratio of five to one.

Senator Woodward: May I interrupt?

The witness: Yes, sir.

Questions by Senator Woodward.

Q. What do you estimate the cost of getting to the figure of five billion, five hundred seventy-five million?

The Witness: You mean this? (indicating on chart).

Senator Woodward: Yes. In other words, that ratio of five to one. The price of one dollar a barrel—

The witness: O, no. I took the price at what it was. I took the known value at the well of the raw material.

Senator Woodward: What I was driving at is that a while ago you mentioned that oil at one dollar a barrel—

The Witness: Yes, sir.

Senator Woodward: Would finally retail for five billion, eight hundred ten millions?

The Witness: Yes, sir.

Senator Woodward: Now, then, have you estimated the cost of production, refining, marketing and all the incidental expenses necessary to put that into the hands of the retailer or the seller—in other words, what would be the net profit?

The Witness: Well, that is an entirely different set of figures; that has not been taken into consideration here.

Senator Woodward: Well, your figures do not represent any profit?

The Witness: Oh, no. No, sir.

Senator Woodward: It is the gross value?

The Witness: I wish I had the time to spend about an hour on this one chart alone, because it is really vital to your proposition here in East Texas. But I take the value of the raw material at the well and then I take what was added to it for transportation charges and then I take what was added to it for refinery expenses and then I take and add to that what was involved in distribution charges and that is this price, Senator. In other words, (answer interrupted).

Senator Purl: Mr. Chairman.

The Chairman: The Senator from Dallas.

Senator Purl: Have you got a map in your possession showing

where the Standard Oil Company has arbitrarily drawn a map of the United States for marketing purposes?

A. No, sir. I haven't that map.

Senator Purl: Well, is there such a map?

A. O, yes. That is a peculiar hangover from the decision handed down in 1911 in which, or prior to which, it is generally conceded that the old Standard Company arbitrarily divided the United States into marketing areas, and that in some hazy twilight sun of understanding or lack of understanding those marketing areas persisted and that certain great marketing organizations exercised the prerogative of naming the price of gasoline and other products within those areas. That is generally conceded, I think, by everybody in the oil industry. I could furnish that map if you so desire. I would simply make a tracing of the map that existed twenty years ago, or as is generally recognized as reflecting the general condition today.

Senator Purl: Will you prepare one of those and furnish it to the reporters to go into the record?

The Witness: Yes, sir. I will be glad to do so.

Senator Pollard: Mr. Chairman. I will move that all of these statistics furnished here be reproduced as part of his testimony in the record.

The Witness: May I have a minute just to refer to these?

The Chairman: You have five minutes left.

The Witness: If anyone has not a question, I would like to refer to this; I have tabulated and I have reproduced this in two different issues of our monthly magazine, and I tabulated twenty companies. I took ten companies that are conceded to be Standards and ten companies that are non-standard. I took their assets, which amounted to nine billion six hundred forty-six million dollars and I took their production, which is about eight hundred eighty-two million. There are several of the companies that are missing—I could not get the total production. I took their pipe line mileage, their storage capacity, the number of tank cars that they had and the number of tank steamers that they had, their refin-

ing capacity and their cracking capacity and their marketing facilities—in other words, I tried to get a picture of those twenty gigantic organizations of the oil industry in the United States, and it is an amazing fact that out of the tens of thousands of oil companies in the United States these twenty companies represent eighty per cent of the assets—80 per cent; they represent nine billion, six hundred million dollars out of twelve billion. These twenty companies produce easily fifty per cent of the oil in the United States. They have ninety per cent of the pipe lines in the United States, and they have—no one knows how much storage; I could get the storage of some of those companies and others I could not get; but I don't think it is procurable at all; they won't tell you how much it is, but it is—; probably more than half of the tank cars; they represent practically all of the tank steamer capacity of the United States, and then the refining capacity—here is an amazing thing, that the refining capacity of these refining companies is 2,750,000 barrels a day and we are only running 2,500,000 barrels a day, so that means in round figures that if it were possible to shut down the refineries of every other refinery in the United States except those twenty companies they still could handle all the crude and have 250,000 a day left over. Now, when you take this into consideration that twenty companies have that power in the United States—(answer interrupted).

Senator Martin: That last statement, that they would have 250,000 barrels left over, you mean they lack that much of running to their full capacity?

The Witness: Well, that is if they run to capacity. They have 2,750,000 barrels capacity, but we are only running 2,500,000 barrels and that is all we need; in fact, that is probably more than we need, that is the economic necessity of the industry. I apologize to you gentlemen if I have taken more time than I should have in talking about these facts and figures rather than answering questions. I wish I might attempt in a very humble way to answer your questions.

The Chairman: The witness has two minutes left.

Senator Purl: Mr. Chairman.

The Chairman: Senator Purl.

Senator Purl: Mr. Chairman. I think there will be a map here that I asked him about a while ago and I would like to have him identify it.

Senator Woodward: We will just consider it as identified.

Senator Woodward: Why is it they don't like to tell you what the storage capacity is?

The Witness: That is not the only thing they don't like to tell you. (Laughter).

The Chairman: Any further questions?

The Witness: I have spent ten years of my life groping and delving into the statistics of the oil industry and I confess that I get so far on many of these things, but there is a twilight sun beyond which I have never been able to penetrate the veil.

Senator Woodruff: We had the vice president of the Gulf Production Company on the witness stand yesterday and asked him what the storage capacity and what the volume in storage was of the Gulf Company of Pennsylvania and its subsidiaries was at this time, and he didn't know.

The Witness: Well, let's see. The Gulf Company had assets according to this statement here December 31, 1929, of 686 million dollars and they produced domestic and foreign 91,758 barrels. Now get that: 91,758 barrels. They had 5708 miles of pipe lines. I could not find out how much storage they had. I know they had forty-three ocean steamers of large tonnage and they had 250,000 barrels of crude refining capacity and 84,000 barrels of cracking capacity.

The Chairman: The time of the witness has expired. What is the pleasure of the committee?

Senator Thomas: I want to make this proposition: I don't want to encroach upon the time of anyone, but I have a witness who will appear here and he will, under the rule, be given one hour, but it won't take that length of time, and I would like for this witness to be given time to explain the matters—

Senator Small: I move that the time of the witness be extended ten minutes.

The Chairman: The motion is that the time of the witness be ex-

tended ten minutes. Those in favor say "aye;" those opposed "no." The "ayes" have it.

Questions by Senator Woodward.

Q. Are you favorable to proration?

A. That is rather difficult to answer. I am favorable to honesty, virtue, loyalty, and all those fine things. Fundamentally I am favorable to proration if it is exercised fairly and equitably, all parties concerned having their day in court and having a square deal clear down the line, coming and going. I think the fundamental necessity, the economic necessity for balancing supply with demand is so outstanding that there can not be any question about it as a fact, but I certainly don't endorse certain kinds of proration in which the little fellow does not have his day in court with the big one.

Q. In practice, do you think it would be workable,—be made workable?

A. It can be made workable, and it is one of the provinces of you gentlemen, Legislators, to make it so.

Senator Cousins: Have you any suggestions how to make it?

The Witness: Oh, I could not answer that in ten minutes.

Senator Cousins: Well, we want to know how. That is what we want to know.

The Witness: May I say this just briefly? For a number of years—I have made a little transcript here of this large statistical sheet showing supply and demand and so forth. A good many years ago the big oil companies told the little fellows they had too much crude oil in storage and that the price of crude oil was going down until they put the storage down, and then later on came this idea of proration, and they said if you will prorate your oil the price of crude will stay up. The oil was prorated but the price stayed down. I am stating these things to you as a fact and not theories. I am stating them to you as a statistician and not as an oil man. Now, it is probably true that proration will not of itself raise the price—(answer interrupted).

The Chairman: Just a minute. I would like for the members of the Senate who are interested in this

hearing to come down to the front and not try to entertain visitors.

The Witness: I don't believe that the objective—the known or reasonable objective of proration was directly to raise the price, but was to balance supply with demand. The fact remains that proration itself, just limiting the production, can not of itself restore prices. It takes something more.

Q. You believe that, do you?

A. The danger of proration is that you build up a huge potential production, which I think is a greater menace—the potential production ahead of you is a greater menace that the load of storage you carry on your back that has been accumulated for years.

Q. If you hold up the price by enforcing proration will that encourage drilling and wildcatting?

A. Yes; it will do that automatically.

Q. Do you give the world-wide depression credit for part of this distress in the oil industry?

A. I believe there are three clearly defined reasons for it. I think it is overproduction, and I am using "overproduction" in the ordinary sense; it is localized overproduction; we have no national overproduction; we have localized overproduction, and national underproduction. I think the world-wide depression has had a certain measure of influence, because that is a factor which has been more aggravated this year than in the previous seventy-two years history of the oil industry. There is a third thought that I hesitate to call by its name. Let's say it this way — —

Senator Woodruff: Go ahead. Call a spade a spade.

A. That during times of pressure, have you ever known of men who had money, and other men needed money, for those men who had money to take more than their fair share for the money they gave?

Q. State that again.

A. That when some men have money, and some men have not, and the fellow that has money buys more than is ordinarily given for the money. I mean by that, if you had \$1.19 a year ago, you could have bought a barrel of oil; today, in East

Texas, you could buy ten or fifteen barrels of oil for the same money, and better oil than you could have bought a year ago.

Q. Well, the same is true of wheat and cotton, isn't it?

A. Yes; the oil industry is no exception to economic laws.

Q. Isn't it true in any depression that men get so scared, or frightened, or so unsettled, that they will spend money very slowly?

A. That is true.

Q. For the reason he can't get the credit?

A. Yes. The third factor here has been present to quite a degree. I am not blaming these people who have money going out here and buying crude oil at a low price. I just question very much if we have had the explanation of it right, when we listen to one great executive of a great company say that he paid for the crude oil what it was offered to him for. If you are out in a desert and starving for food or water, and if I have food or water, and if you have a hundred dollars, and I charge you a hundred dollars for the water, you will have the water, and I have the hundred dollars.

Q. But if a man can buy a product at a certain price and he doesn't take, and his competitor does, he is at a disadvantage, isn't he?

A. If he has not at any time been a contributor to the condition by which he can buy it at that, then that is a different proposition.

Questions by Senator Purl.

Q. Did you draw this map?

A. Yes, sir.

Q. What is it?

A. It is what is considered to be today the marketing areas, in which the large companies—let's take—I made this map from this page of the Oil & Gas Journal of July 9, 1931. They carry the retail gasoline price structure of the United States under eleven areas, and those eleven areas are: Standard Oil Company of Indiana; the Pacific Coast Territory is the Standard of California; the Magnolia Petroleum Company; the Standard Oil Company of Nebraska; the Standard Oil Company of Kentucky; the Standard Oil Company of

Louisiana; the Atlantic Refining Company; the Standard Oil Company of Ohio; and the Standard Oil Company of New York; the Standard Oil Company of New Jersey; the Continental Oil Company; making eleven areas. Now, every week this price structure is carried under that heading. Now, that does not mean that these Standard Oil companies make and unmake prices in that territory absolutely or exclusively. Of course, there are a good many people who make prices one way or the other. It is just like raising or lowering the price of crude oil; one time one company will raise the price, and then the other companies will follow; and the next time another company will raise the price, and another will follow.

Senator Woodward: I think Mr. Wild is present, and I don't believe it will take but a few minutes to get through with him.

The Chairman: All right, come up, Mr. Wild.

(Witness excused.)

Claude C. Wild, a witness, was sworn, and testified as follows:

Questions by Senator Woodward.

Q. What is your name?

A. Claude C. Wild.

Q. Where do you live?

A. Fort Worth.

Q. And what is your position at this time, or your occupation?

A. I am Executive Vice-President of the Independent Petroleum Association of Texas.

Q. How long have you occupied that position with that Association?

A. Since May 1, 1930.

Q. Mr. Wild, I want you to explain to the Committee, and to the whole Senate, the different groups, giving the names of each group, of the men who are engaged in the oil business, and who are concerned about this legislation. I want you to separate the various groups. There are so many of them that I can't keep them in mind.

A. You are correct; there are lots of groups among the independents and among the majors. They are grouped according to organizations, and they are grouped according to philosophies, and you will find

these different viewpoints within the different organizations in the State. There are several organizations. There are several economic conditions in various sections of the State that cause the difference in viewpoints, economic theories, or whatever you call them. So far as organizations are concerned, I think there are about five or six.

Q. Will you name those?

A. The Mid-Continent Oil & Gas Association—I am speaking now strictly of those confined to Texas—The Mid-Continent Oil & Gas Association is a branch of the general organization of the Mid-Continent Oil & Gas Association. Membership is confined, or rather extends to both majors and independents.

Q. Do you know about the number of its membership?

A. No, I don't. All of the major companies, I am sure, are members and quite a few independents.

Q. Are you a member?

A. I am not a member myself. I think a large percentage of the Oil Emergency Committee are members of it.

Q. In other words, that organization is a general organization of members interested in the production, refining, and selling of oil?

A. That organization was formed several years ago as an independent organization. Step by step, the membership was extended until now the policies of the Mid-Continent Oil & Gas Association are generally recognized as the major companies' viewpoint in Texas. The Independent Petroleum Association of Texas is an organization of independents—all classes, royalty owners, business men, and operators, legitimate and illegitimate, as somebody referred to here yesterday. It was formed for the purpose of securing an embargo—I think that was one of the objectives—it was formed a little over a year ago in Fort Worth, I think. The tariff had brought to light the necessity for an organized effort among the independents. The tariff fight was soon over and the organization directed its efforts to an attempt to remedy conditions in Texas. The first move made by that organization was to appear before this Legislature—we are disregarding now all slurs made at it in this hearing as to its purposes—it came here and sponsored

before this Legislature the so-called common purchaser bill, which is now law, and the only law striking at the principle of ratable taking in Texas. The other law passed, that has been referred to and commended, was sponsored by the organization—incidentally it was written by myself—and that is known as the marginal well bill, which seeks to exempt from control by proration the small pumping wells in all fields of the State. That organization is general. It has, I suppose, all viewpoints that there are in its membership. The majority of them have a certain view; at least, a majority of the directors hold to certain views that may not be in accord with those of some other organizations. So far as I know, with the exception of the Oil Emergency Committee, no organization has been formed around a certain school of thought. They have been formed for organization purposes, or for the purpose of presenting a united front before commissions or legislators, or Congress, or major companies, or whoever was involved. There are two other—perhaps three other local organizations in Texas. I understand the East Texas Lease Land & Royalty Owners Association is confined to East Texas. Judge Brachfield is the president. There is one at San Antonio known as the San Antonio Independent Petroleum Association, which is strictly an independent organization, confined to that city and area, so far as I know. Mr. Pennington is president of that organization. There is an organization in North Texas known as the North Texas Oil & Gas Association. Tom Hunter, who has been before the House, is president of that. So far as I know, they are about all the organizations in Texas. Of course the American Petroleum Institute covers them all. As I said, I think every organization I have mentioned, with the possible exception of the Oil Emergency Committee, that there is not a unanimous view among the members. However, I think the majority hold the view you well know here. I think the majority of the North Texas Oil & Gas Association perhaps agree with the views of the Oil Emergency Committee. I think the majority of the San Antonio organization, and probably the East Texas organization,

that I mentioned, do not agree with them.

Now, we will go back. You were talking about these schools of thought—

Q. (By Senator Woodward.) And if I understand it, within these organizations, whatever their name may be, there are different schools of thought, that is among the members of the several organizations?

A. Oh, yes, just like the prohibition issue is an issue within Democratic party. Now, what I was going to say, you will find a hundred viewpoints, submitted to this Senate; if you have a hundred witnesses I am sure you will have a hundred different viewpoints. The economic set-up of the man talking, or the district which he represents materially influence their judgment, regardless of the organization. That is the condition I have found, and Mr. Landreth will find the same thing with his organization, and some other will find that with his organization; I think we will all find that when the pinch comes organization loyalty ceases, and the different viewpoints presented here are representing not so much by organizations as by the condition at home which they want. For instance, there are a large number of independents in Texas that do not belong to any organization at all. They are all up there tending to their own business while the rest of us are here. They are not joiners, they are not individualists, they do not agree with Mr. Landreth, they do not agree with me; they will take a viewpoint today as it affects their condition at home and they will probably take that viewpoint the next day.

Q. In other words, things are in pretty much of a muddle of a mess?

A. Yes, sir. There is this thing, the further west or the further north you go in Texas there is an economic barrier between them and the fellows in east and southeast Texas, that explains largely the issues that have come up here. There are efforts being made to annihilate this natural geographical barrier that raises one group of operators against another group to feel they have an advantage and do not want to give it up and do not want the Legislature to try and eliminate it. Also, there are political conditions, of

course, which I do not care to go into here.

Q. In your experience and in your particular organization, and from your observation, do you or not believe that it is advisable for this Legislature to strengthen conservation laws? I am not talking about proration.

A. I will say I think there is a general feeling that there should be strong conservation laws in the State. There is a difference of opinion as to whether or not the present laws are adequate and if they are a little nearer adequate then their enforcement would be indicating. There perhaps are corrections that might be made, provided you keep it within the protection of the State and the protection of the resources. I think the independents of Texas, I think half of them, regardless of whose organization they belong to, if you put them all together would not desire the State to go into the operation of the business with reference to directing markets and fixing the prices?

Senator Woodward: I have developed the matters from Mr. Wild, the matters I thought would be of general interest to the Senate and this committee, and I do not care to ask him any further questions at this time.

The Chair: Does anybody else wish to ask the gentleman any questions?

Senator Pollard: I would like to ask him some questions.

The Chair: Senator Pollard.

Questions by Senator Pollard.

Q. With particular reference to the East Texas situation, please explain to the Legislature what is the opinion as to the Cranfill plan of curtailment of production in East Texas?

A. You want me to give the history of that?

Q. Yes, sir, just go ahead and tell the Legislature about it.

A. Well, you heard a gentleman refer to me yesterday as one of the illegitimate operators of Texas. I am not admitting it, or denying it, I am simply quoting what a certain gentleman said. At the time the Emergency Oil Committee was formed

in Dallas, Mr. Cranfill had conceived the idea that some curtailment plan in East Texas would have to be adopted which would rally around the proposition those who had been violating it and they had a meeting in Houston consulting with some of the purchasers to see if it could be worked out. In short that plan was this: That instead of the potential theory of arriving at the amount of oil it would produce it would be put on an acreage unit. Those gentlemen felt that the inequities in the proration setup had been in the theory of arriving at the potential; that that had induced fraud, and caused fellows to overstep the bounds, and they thought somebody was skipping them whether they were or not, and that was the basis upon which the new plan was to be adopted. None of the major purchasers agreed to it, and a mass meeting was held in Tyler to which all of the operators were invited. It was opposed very strongly by the so-called Emergency Committee. I think Mr. Roeser did the talking, anyhow it carried and it was submitted a couple of days later to the Advisory Committee in Longview, and the same experience was had there. Captain Lucey of Dallas was made chairman with a sincere desire to bring all of the warring elements of East Texas together, realizing that a lot of the trouble had been due to personality and political conditions, and they had tried to agree on a man that would be satisfactory to everybody concerned. They called a meeting in Dallas to see if they could agree, and the same group that had opposed the thing all the way through was there and opposed it that time.

Q. Who was that?

A. Mr. Todd and Mr. Roeser.

Q. Was Mr. Landreth there?

A. I don't think he was. I do not wish to be understood as criticising these gentlemen at all, you asked for the history of the matter and I am simply giving it to you. A request was made to the Railroad Commission that they give some immediate relief and asking that they put that plan into effect, feeling that if the Commission would issue an immediate order, with the sentiment that had been built up over there that these violators that had been accused of so many things were rallying around that proposition, and

we wanted an immediate order, because that was the only way they would play with us.

Senator Woodward: Senator Polard, will you ask the witness to explain to us just how the Cranfill plan would have operated?

A. Let me finish this, please. The commission held a hearing for that purpose, or at least heard it, and the same two gentlemen who had opposed it all along opposed it there before the commission. A week later we had a hearing in this room, and the same experience was had. Finally an order of some sort was issued by the Railroad Commission. That was a sort of compromise order which was issued and that is the way we have it now.

Now, in regard to your question, Senator Woodward, I don't know that I can go into that in detail except to say that the principle involved was that a well would be allowed to each twenty acres, and a flat production of so much oil would be allowed for that unit, rather than to take the potential or possible on the wells, where they tested and found this man entitled to four hundred and this man to a hundred and fifty. Now those fellows felt, I am not saying that they are right or wrong, but the criticism of the potential plan has always been that there is a temptation on the part of the man who wants to build up his potential to drill deeper into his sand and cause a higher debt at the time it is made, and one man get more than the other one; they haven't thought it is equitable. The point I am trying to get over is this, I don't know which is the better plan, you can probably line us up here and argue for four years and we wouldn't get any closer to the solution, but the point was, there was a greater opportunity to secure co-operation among those who had been obeying the law under that plan than any other. The opposition was such that they delayed issuing of the order, and then the issuing of the order which did not solve the problem.

Q. (Senator Woodward.) What was the maximum production of the well under the Cranfill plan?

A. I think it started off at three hundred barrels to the well.

Q. What would have been the maximum allowable at that time?

A. At that time about two hundred and fifty thousand barrels.

Q. As applied to the whole field?

A. Yes, sir.

Q. And that would have been the maximum allowable?

A. Well, that is what the boys who sponsored it thought. The Humble Oil and Refining Company incidentally, they didn't want it, they opposed that, although they voted for it, they opposed it. They gave some figures that would show a larger production.

Q. Under that plan there would have been one well to each twenty acres, and regardless of its potential or possible it would have been pinched to not exceed three hundred barrels?

A. Yes, sir.

Q. So if a man had a producer of five thousand barrels daily and another man had a production of five hundred barrels each man would be cut down to three hundred barrels?

A. That was the plan, and they figured it was an emergency proposition and the man who might have had a more productive lease would not be hurt because he would still have the oil in the ground.

Q. (By Senator Pollard). Now, if that proposition had worked out, it would have reduced the production to half what it is today in East Texas, wouldn't it?

A. I understand that it is about twice that amount now.

Q. These same people that opposed that plan are the same people that demanded the Legislature meet to enact a proration law and market demand law.

A. They told us that the matter had to be settled by law and they would have chaos for another sixty days rather than have that plan worked out.

Q. What is your solution of the matter under the present condition?

A. Well, the general principle of ratable takings as between wells and between leases is absolutely sound. The only law that we have that strikes at it now is the Common Purchaser Law. It does apply to the common purchasers. With a hundred per cent enforcement of the Common Purchaser Law, which means a hundred per cent connection in any field you will have as nearly a situation of ratable tak-

ings as you can perhaps acquire. The Common Purchaser Law has not been enforced, why I don't know, but it has not been. There are not very many penalties, just the usual thousand dollars a day penalty, and I presume that could be stopped by an injunction like the others have. It has not been, nobody has ever issued an order until this last order. I think this Legislature ought to pass a bill amending the Common Purchaser law, and prescribing severe penalties for a common purchaser who practices discrimination in the common purchase of oil as between operators to the expense of perhaps forfeiting his charter, if it is a corporation operating in this State. I am not so sure that the man discriminated against should not have a cause of action against the common purchaser if he practices discrimination. You understand the Common Purchaser Law is not a property law, it is a penal law, prohibiting discrimination in the purchase of crude oil by a common purchaser. As long as you are on that theory, and as long as it has never been tried out, there should be severe penalties for violations, and if your Commission does not have sufficient funds, which we are sure it does not, I don't know just what funds it needs, but if the Commission is to enforce this give them of facilities to do it, and if they won't enforce it, make the law self-enacting so the Attorney General himself can bring a suit for the penalties or for the forfeiture of charter if necessary. I think that will go a long ways, because a large part of the trouble in East Texas has been due to the fact that the common purchasers would not make connection to the operators who wanted it, and had they made them early and established a fair price in East Texas and made a deal with these people and given them connections you would have proration or curtailment in East Texas. As it was, when we were at the hearing a few weeks ago there were one hundred and seventy wells unconnected. We understand now they are being very rapidly connected, I don't know whether the Legislature being in session has had anything to do with it or not but they are giving them connections rapidly at this time.

*Q. All of those wells were wells owned by independent producers?

A. Yes, sir.

Q. Were there any wells owned by the common purchasers themselves which were not connected at that time?

A. According to the testimony of the umpire there was not.

Q. (By Senator Greer.) How did the fact that these one hundred and seventy wells were not connected, lower the price of oil?

A. In this manner: If you have a well on a tract of land that belongs to you and the general predominating market in that territory is not available to you, and you have made your investments, and you have your obligations, and the necessity is on you to dispose of your oil somehow, you have got to get money, and if they won't take it you are forced to sell it to whoever you can and whenever you can, and you are forced to that emergency, and of course they are going to beat you down.

Q. Did I understand you to say a while ago that some of the operators over there told you they favored chaos for sixty days in order to force legislation?

A. I told you some of the leaders of the emergency committee that were fighting it at every turn of the road told me that.

Q. That they opposed any cooperation in order to force this legislation?

A. No, sir, they didn't say that. They said this, they have always said if the plan would work, all right, but they didn't believe it would work, and they asked the Railroad Commission not to put it in force and told me it finally had to be settled by legislation. I said "you are creating chaos," and they said "we would rather do that for a little while and get it finally settled." That was Charlie Roeser that told me that, and I think he was sincere when he said it.

Questions by Senator DeBerry.

Q. Do the people you refer to as "them,"—are they the same which you named a while ago? Have they been very ardent supporters of a very stringent common purchaser law or ratable taking provision?

A. They did not help the independent association sponsor that bill before the Legislature.

Q. Do you know of them at any time — — —

A. I say "they." I mean the leaders. Some of the members of the emergency committee did.

Q. These leaders you are talking about, have they been known in the history of this matter as ardent supporters of ratable taking or the common purchaser provision?

A. I never heard of them being in favor of anything until they sponsored the Housley bill.

Questions by Senator Small.

Q. Some of the main sponsors of the Common Purchasers bill that were down here talking the loudest to get the Legislature to pass it were some of the first ones to violate it.

A. I don't think so. As a matter of fact, so far as I know the only people who have violated the Common Purchasers act are the Common Purchasers and I don't know of any of them who helped to pass the Common Purchasers bill.

Q. Well, you endorse the theory of common purchaser?

A. Yes.

Q. And ratable taking?

A. Yes.

Q. I want you to distinguish and show the line of demarkation between Common Purchaser and Ratable Taking, and Common Producing and Ratable Producing.

A. You have got a whole lot of it in one. Do you want to know the difference between common purchaser and ratable taking? Is that what you are after?

Q. Yes.

A. I will state what a common purchaser is. A common purchaser is a concern purchasing oil which is a pipeline company or which is affiliated through ownership or common control with a common carrier pipeline. Now, then, if they make any connections in the field, they are purchasers, and take according to some ratable principle, whether on this application of potential, or whatever it is, you have the common purchaser law in operation and you have ratable taking in the field.

Q. Now, upon what theory do you say the Legislature has authority to pass and the State to enforce a common purchaser law that would not be applicable or give authority for the

Legislature to pass the same kind of a law with reference to production?

A. I am not questioning that, Senator. I do not question your authority to do it.

Q. If you think it would be good for purchasing, why wouldn't it be good for producing?

A. I don't know as I get what you are driving at. If the other one works, the producers are cared for.

Q. Yes, I know, but why not make the producer get in there and carry a lot of this burden the same as the purchaser, and have them to produce ratably and produce in proportion to the demand rather than let them produce whatever they want to and then have the purchasing companies to purchase ratably?

A. I don't think the question of demand has anything to do with the question of ratable taking. This sort of situation may be what you are driving at. If there are operators, two or three in a group who are not common carriers, and they are not common purchasers, they are independent producers, and there is no pipe line connection to them, there is no common purchaser serving them. There is a possibility of one of those operators producing more than his share. Now, the principle of ratable taking which you—I think probably they do go on a different principle to what common purchasers do, because one is a property proposition and the other is a penal law proposition. The principle of rateable takings, if you can arrive at it by some fair method so one man will not drain another man if it can be shown that damage would result, might be found. I will be very frank with you. We have been having a good many attorneys to work on it and Bob Hardwick talked to me and nobody seemed to know how to prepare a ratable taking law beyond the common purchaser.

Q. Why wouldn't a reasonable proration law arrive at that?

A. I think a reasonable conservation law that has to do with the prevention of some of this underground stuff they are talking about, that nobody seems to know much about, if there is anything to that, the Legislature might protect one property against another by enforcing some of

the provisions of that. I don't think the question of your market has a thing in the world to do with it.

The Chairman: The witness has thirty minutes left.

Q. The point I was trying to get at, if the Legislature has authority to say to me as a purchaser when I go into the field to purchase oil that I must purchase it ratably, I want to know why the Legislature would not have authority to say to you as a producer —

A. (Interrupting) I am not questioning their authority.

Q. I want to know why the Legislature wouldn't have authority to say to you as a producer that you must produce it ratably?

A. I am not questioning your authority. I think you have misconstrued one of the angles of the common purchaser law. The common purchaser has been declared a public utility by virtue of being in a general business and by virtue of owning a common carrier pipeline system, and it was on the principle of a public utility that that law was passed.

Q. Isn't that just more a name than anything else?

A. There is no Supreme Court that has passed on that. We have tried to get somebody to issue an order so somebody could complain and see what we have, but nobody has done it.

Q. Do you question the authority of this Legislature to pass a bill that would say to the producer of oil that you must produce that oil ratably and in proportion to the common demand of that oil?

A. I do absolutely. I don't think you can put that question in any bill in Texas that will stand up under the Constitution.

Q. But you do think the Legislature has the authority to say to a man or a carrier that if you go in there and purchase oil at all that you must take all oil just alike.

A. That law is already on the books. Nobody has tested it out to see if it is good or bad.

Q. You do not subscribe to the theory that one person should be permitted to take oil that would drain another person's land, do you?

A. No. Do you mean personally?

Q. Yes.

A. I don't know whether we have advanced far enough to know when

that point comes. There is some confusion in the law as to what a man's rights are. We have a property right in Texas. As a general proposition one man should not run away with all the oil, certainly not.

Q. Wasn't the question of damage the real motive that prompted the Common Purchaser Bill that was passed down here?

A. Yes, I think that prompted the Common Purchaser Law at that time,—was the fact that there were any number of instances in Texas where a common purchaser, as defined in that act on production, draining out from these other lands and leaving them without a market. They didn't know how to write a ratable taking provision, and I don't think they know now, except as it applies to those who purchase the oil. So they passed that law in order to create the purchaser, or make a public utility out of him and to prevent discrimination in a general public business. That is the theory of it, whether it stands up, I don't know.

Q. Isn't it a fact that the conservation feature was not written in the bill that was passed here broad enough to include it and the Governor himself refused to permit that subject to come up.

A. I wasn't with the organization at that time, I don't know. I think perhaps that is true. However, the common purchaser law is the greatest single conservation statute you have now, if enforced.

Q. Well, there are a lot of pipe lines that are not common carriers, aren't there?

A. There are probably some short lines that are not common carriers.

Q. If I am permitted to run my oil without regulation at all to those lines, don't you think I can circumvent the ratable taking proposition altogether?

A. You might do it.

Q. To a large extent, and hasn't that been done in East Texas?

A. Yes.

Q. And it has broken down to a large extent the ratable taking and common purchaser theory?

A. No, I don't think that. Those short lines over there, they are not common carriers. They are a lot of short lines owned by individuals and they perhaps do not cross a highway and do not come within the purview of common car-

riers. If they were tied onto the major pipe lines I think under the present law perhaps they would be part of the system; if not, they ought to be.

Q. Haven't those short lines broken down the enforcement of that law, or any consideration of enforcing that law in East Texas?

A. No, sir, I don't think those little pipe lines have anything to do with the common purchaser law.

Q. Are you contemplating an amendment to the Common Purchaser Law?

A. Yes.

Q. In what respect?

A. In respect to putting penalties for failure to obey.

Q. Just penalty features alone?

A. That is all I contemplate. If there are any ways to strengthen it we will be pleased, as far as we are concerned, we would like to see you do it.

Q. We have had considerable violating of proration orders out in the Panhandle, in our field. Do you endorse those?

A. Violation of proration orders?

Q. Yes.

A. No.

Q. Out in the Panhandle?

A. No.

Q. Where the rest of that field up there has been trying to get along with orderly production, and have a few individuals come in there and take oil like they have been taking it?

A. I don't endorse anything like that. Do not lead us to criticize individuals; that is not my job.

Senator Small: All right, I believe that is all.

Questions by Senator Oneal.

Q. Is your objection based on the fact that you think it is unconstitutional, or something else?

A. Our attorney advises us it is unconstitutional.

Q. If it were constitutional, would you object to it?

A. Yes.

Q. Then your objection is not based on that?

A. No, not altogether. He asked me about the legal phase of it. I don't believe it is possible for a Commission in Texas to determine fairly what the market demand for oil in Texas is because, as somebody said

a little while ago, you will find out of every eight barrels produced, you will refine five in Texas and export three, and about eighty per cent of that you refine is exported. You get into the question of world market when a local committee in Texas tries to determine it, and we have had that a little over a year, we have had the theory of so called market demand in Texas practised, and it worked practically this way, the commission will ask somebody if they want to buy and the big purchasing units have therefore been given the absolutely whip hand in determining the production of Texas—

Q. (Interrupting) That is by that nomination method?

A. Yes. I don't know any way you can get at it but that.

Q. Do you favor that?

A. When you go further into that, the commission would have to determine the amount of Texas exports,—I mean exports out of the State to any point, not necessarily foreign export, and they must determine how much can go into competition with the rest of the world. It means oil from Venezuela will be in competition with California, and with Oklahoma. The Commission has no authority beyond the border of Texas, and you would get into a situation that it seems to me would be absolutely impossible to do anything with.

Q. If such provisions were put into the law, with the further provision with reference to importation of oil coming into this country, would you object to it then?

A. You would have the same objection to it then that you have now.

Q. Well, isn't it a fact that probably all of the other large producing states have some measure of conservation of oil to hold down the production in those states?

A. Yes, sir; they do.

Q. Wouldn't we be cooperating with those states to that extent?

A. I think you can cooperate with them, if you have three states that favor that sort of law. They are all in about as bad shape as we are now. We just happen to have flush production now. You would be basing it on an entirely different setup. We have a property right in our oil in Texas and they have an exploratory right, and there is a legal difference that you are more familiar with than I. Now, let me go further.

In California they set their amount, and Oklahoma sets their amount, and somewhere down the line you are going to run into a clash between the states like you have now. The next step is into some Federal bureau to determine the entire market demand. Whenever you get into Federal control we might as well quit arguing about independent associations.

Q. We can't get in much worse condition that we are in now.

A. I think if you let them alone, Senator, and correct your Common Purchaser law and take it out of politics the oil industry will be improved. It will get better by itself.

The Chairman: The witness has fifteen minutes left.

The Witness: Yes, sir.

Questions by Senator Woodward.

Q. Mr. Wild, the principle of ratable takings arises, under and by virtue of the Common Carrier Act?

A. It is automatic.

Q. That is what I mean.

A. Yes, sir.

Q. It is not a separate act or law—it is ratable taking under the Common Purchaser Act?

A. Only in so far as I stated a while ago.

Q. The ratable taking is the enforcement of the Common Purchaser Act?

A. No, sir; it is just the reverse. The Common Purchaser Law is a penal statute, forbidding discrimination in the purchase of crude oil from producers.

Q. All right.

A. When you go into the question of ratable taking, you are in a property rights proposition and it involves the whole question of law.

Q. Ratable taking comes under the Common Purchaser Act?

A. When that is enforced and they have connections you automatically have ratable takings.

Q. Now, those who were in favor of the Cranfill plan discussed by you a while ago were and are in favor of this ratable taking provision or theory under the Common Purchaser Law?

A. Yes, sir.

Q. Now, at that time were there any or many of those who were advocating the Cranfill plan then producing and selling more oil than was

allowed under the orders of the Railroad Commission?

A. I think some of them were, yes, sir.

Q. Isn't it a fact that Mr. Cranfill—and I don't mean this as any reflection on him when I say it—isn't it a fact that Mr. Cranfill himself, whose plan was being advocated, was one of the men who were producing and selling in excess of the orders of the Commission?

A. He had been. He was not at that time; and his explanation to me was satisfactory to me.

Q. I am not criticising him. I don't know whether he is right or wrong.

A. The Common Purchaser Law did not apply. He didn't get the connection and he had to sell his oil. It goes back to the same question that if you have one hundred per cent connection with the big boys they will buy the crude.

Q. Well, it is true that Mr. Cranfill is one of the men referred to as one of the violators?

A. He violated it, but got out an injunction—I think from a Federal court, and has been operating under that. He said the Railroad Commission violated the law.

Q. I merely wanted to see if Mr. Cranfill was one of those—

A. Well, if you have the right to raise one question I have the right to raise another. I have a right to explain.

Q. Where is Mr. Cranfill?

A. He is in Dallas.

Q. Did you see him here yesterday?

A. Yes, sir.

Q. Did you see him last night?

A. I didn't see him yesterday—I saw him last night.

Q. Does he intend to attend this hearing?

A. I don't know.

Senator Woodward: I believe that it all.

The Chairman: Any further questions?

Senator Williamson: Mr. Chairman.

The Chairman: Senator Williamson.

Senator Williamson: I have just one question.

The Chairman: All right.

Questions by Senator Williamson.

Q. Mr. Wild, on several occasions

you have referred to taking this out of politics. Would you mind telling us how this is in politics?

A. If the oil business isn't in politics with a special session called—(answer interrupted).

Q. You must have something definite. Can you tell us what it is so we can remedy it?

A. What I mean is you have the whole thing up here—I don't mean you have, but it is in the air because of the action of the Governor. It is called here and the Legislature wants to do something for it and I hope that you can do something for it. I think you can, but the whole proposition of step by step pushing an industry into a bureaucracy and control by the government is not good for the industry, except as a matter of conservation and regulation. Every time you get into a Federal board and give it extensive power it puts the business into politics and the general business laws of operation do not prevail.

Q. If you were to take away the right of a government to control—I don't want to take that away (question interrupted). Wait a minute. If you want to take away the right of the government to control the natural resources, to whom would you give that control?

A. I don't want to take that away.

Q. That seems to be your objection. You have dealt in generalities, about this thing being in politics. I would like to have something definite.

A. I think if you establish a commission to determine market demand, they would have to go on and determine the price of your commodity, and we would have it in politics.

Q. You are opposed to having this under the supervision of a commission appointed for that purpose?

A. Yes, sir; I am opposed to it. Here is what I think they ought to do: I would add to Senator Small's question and to Senator Woodward's question that the question of ratable takings is in addition to the Common Purchaser Law. As a matter of fact, conservation can best be determined by the proper use of an oil-gas ratio, the greatest amount of use of the gas—I mean the greatest economic use—to get the greatest recovery of oil; that you will automatically establish the principle

of ratable taking and that the Common Purchaser Law does not reach. The State should do that itself. It is their duty to do that; when you establish a board or commission, they must go further than that and set up some machinery to direct the business and say "you shall, regardless of production, produce so much oil," and when they set that somebody is going to say "at what price?" and then they have to set that; and whenever they get to the price, why, they have got to go still further. If you go into the question involving storage and price, then they will probably go further and eliminate the skimming plants on account of the greatest beneficial use.

Q. Well, Mr. Wild, the Railroad Commission now has the say with reference to that. Where would you say to strengthen it and give them more power?

A. If the present laws are inadequate of enforcement, as those laws are to be enforced, I say strengthen them.

Q. Who is going to enforce them?

A. Are you getting me into the Commission scrap? It has to be some agency of the government. I could not say anything about the Commission at all.

Q. You have not suggested anything—you have dealt in generalities.

A. I disagree with you. The question of conservation, you can not make it too strong if you stay with that. The Governor's announcement, I think, he announced for conservation flat-footed, and that is where we stand, and that is where the State ought to stand.

Q. Could you express yourself in only one word, Mr. Wild, and that is 'yes?' You don't want any commission to enforce it or any legislation?

A. No, that is not my answer.

Q. Well, I can't get to you.

Senator Rawlings: Mr. Chairman,

Senator Purl: Mr. Chairman, I will yield to Senator Rawlings.

Senator Rawlings: I just wanted to ask him one or two questions.

The Chairman: The witness has only seven minutes left.

Questions by Senator Rawlings.

Q. Is it your thought, Mr. Wild, that if this Legislature amends the Common Purchaser Act to provide

adequate penalties that will bring about ratable takings from the producer by these common carrier lines so that it may be enforced, and in addition to that if this Legislature passes a law that will stop actual physical waste in the production of crude oil—that is about all that is necessary to take care of this situation?

A. Yes, sir; I think so.

Senator Rawlings: That is all.

Questions by Senator Purl.

Q. Mr. Wild, do you live in Fort Worth?

A. Yes, sir.

Q. In cities like Dallas, Fort Worth, San Antonio, and Houston and other places the city councils have designated certain places as restricted zones into which commercial industries shall not enter —

A. Yes, sir.

Q. Now, when a city council refuses to give a permit to certain major oil companies to erect a filling station next to a residence, after they have purchased the property, these major companies go into the courts and force the city commission to give them the right to build a filling station in violation of the city ordinance, they are violators of the city ordinance?

A. Yes, sir. They have done that.

Q. They have gone in there to determine their rights?

A. Yes, sir.

Q. Now, then, any time the major oil companies feel like they want to put a filling station next to somebody's residence and the city council refuses to give them a permit, they don't hesitate to go into court?

A. No, sir. I presume they would be illegitimate operators.

Q. They are illegitimate operators?

A. Yes, sir.

Q. Have you heard anyone calling them illegitimate?

A. No, sir.

Senator Rawlings: That is all.

The Chairman: Any further questions?

Senator Hornsby: Let me ask this question.

The Chairman: Senator Hornsby.

Questions by Senator Hornsby.

Q. If a citizen of Texas who owns property and has an opportunity to

sell for a filling station and the city council refuses him a permit, he is not an illegitimate operator if he goes into court and asks — —

A. I wouldn't think so. I am not an expert on this illegitimate business.

The Chairman: Any further questions? I want to thank you for your presence here and for the giving of your testimony.

W. L. Todd, a witness, was duly sworn.

The Chairman: Announce your name, residence and position, Mr. Todd.

The Witness: I am W. L. Todd, Dallas, Texas, Chairman of the Texas Oil Emergency Committee.

Questions by Senator Pollard.

Q. Mr. Todd, you have just stated that you are Chairman of the Texas Oil Emergency Committee.

A. Yes, sir.

Q. How was that committee organized?

A. On about June 7th there was an advertisement run in several of the daily papers, calling the producers of Texas together for a mass meeting at Dallas, Texas, on Monday, June 8th. At this meeting there was approximately four or five hundred producers. They adopted a platform and they appointed a committee of approximately fifty and took the name of the Texas Oil Emergency Committee.

Q. Have you a list of those attending that meeting here?

A. Not a complete list, no.

Q. Have you any list—did you compile any list then showing five hundred present?

A. No; I don't think so.

Q. Did that committee consist of representatives of major oil producing companies?

A. If there were any major companies there, I didn't know it.

Q. Now then, you do have a list of that fifty, do you not?

A. Yes, sir.

Q. How did you select that list?

A. It was made up by a nomination committee appointed at the meeting.

Q. Have you that list with you?

A. Yes, sir.

Q. Will you supply a list of those names to the reporter here?

A. I have that on a letterhead, which I shall be glad to turn over.

Q. You can do that at the end of your testimony.

A. All right.

Q. Now, Mr. Todd, how much dues did you charge for this organization?

A. There was not any dues I know of. Mr. Landreth was nominated treasurer, and the financing of the program was turned over to him.

Q. Now, out of that fifty, did they meet, and elect directors?

A. No, sir.

Q. What are they?

A. They are a committee.

Q. Now, when did you have your next meeting?

A. In Fort Worth the following day.

Q. Who attended that meeting?

A. The Executive Committee. I might say there was an Executive Committee of seven appointed, and that committee met the following day in Fort Worth.

Q. Since then the only meetings you have ever had were meetings of the executive committee?

A. Yes, sir.

Q. And they have formulated the policy of this organization from that time until this day?

A. Yes, sir.

Q. And that committee did not have as any of its members, and does not have yet, representatives of any major companies?

A. No, sir.

Q. And all actions of this Advisory Committee have been independent of the major oil companies?

A. Yes, sir.

Q. And you have never in any way depended upon them for advice, consolation, or any other contributions to this activity?

A. If any of the Executive Committee has discussed the matter and work with the major companies, I don't know it.

Q. About the first thing this Executive Committee determined on was a special session of the Legislature, wasn't it?

A. No, sir; that was determined by a mass meeting, at which we were instructed to call on the Governor and request him to call the Legislature together.

Q. You did that?
 A. Yes, sir.
 Q. What did the Governor say?
 A. The Governor said he was going into the matter, and was getting some information on his own account, and would determine later what he would do about it.
 Q. Now, Mr. Todd, about when did you determine it was necessary to have a Publicity Manager, and whom did you select? Who choose him?
 A. Mr. Landreth was the man who chose him.
 Q. Whom did he select?
 A. Mr. Kittrell.
 Q. What were his duties?
 A. I would prefer Mr. Landreth to answer that, as he handled it all the way through.
 Q. You did have Mr. Kittrell go over the State, and interview the newspapers, giving out statements, and calling on members of the Legislature, and moulding sentiment for a called session; and all of your actions have been independent of the major oil producing companies?
 A. So far as I know.
 Q. You have never at any time had any conference with the President of the Humble Oil & Refining Company?
 A. I have seen the President of the Humble Oil & Refining Company on a number of occasions, and discussed the fact with him that the Legislature had been called.
 Q. But you never saw him at any time prior to the calling of the Legislature?
 A. No, sir.
 Q. Did you ever talk to him over the telephone?
 A. No, sir.
 Q. How about the President of The Texas Company; did you ever talk to him?
 A. Not until after the Legislature had been called, and then right here in this building.
 Q. And you were very much surprised to find The Texas Company and the Humble Company were advocating the same things you were advocating?
 A. I don't know that the Humble is with us yet. The Texas Company has come out at the meeting of the Railroad Commission on the 29th, and declared themselves in favor of the very legislation that we were working for; but so far as the

Humble is concerned, I don't know that they have ever made such a declaration; and in fact, none of them have to me.

Q. Now, Mr. Todd, I want to ask you if the Atlantic Oil Producing Company is not one of the major companies?

A. Generally supposed to be, yes, sir.

Q. How about the Arkansas Gas & Fuel Company?

A. I understand they are a subsidiary of the Cities Service.

Q. Which is a major company?

A. Yes, sir.

Q. How about the California Company?

A. It is generally considered one of the Standard group.

Q. How about the Humble Oil & Refining Company?

A. I understand it is one of the major group.

Q. How about the Mid-Kansas?

A. Generally considered to be a subsidiary of the Ohio Oil Company.

Q. How about the Phillips Petroleum Company?

A. It is generally considered an independent.

Q. It doesn't have anything to do with any major?

A. Not that I know of.

Q. How about the Prairie Oil & Gas?

A. I know very little about them.

Q. Don't you know it is one of the majors?

A. It is generally considered to be one of the majors.

Q. Is the Shell Company an independent?

A. It is independent of what we call the Standard group; but it is a very large oil company itself, and a foreign company.

Q. How about the Stanolind?

A. The Stanolind is a subsidiary of the Standard of Indiana.

Q. And the Sun?

A. Well, it is a large oil company, and may be considered a major. The Sun is not generally understood to be a part of the Standard group; it has always worked with the independent group.

Q. The Vacuum Oil Company, is that a large or a small company?

A. A very large company.

Q. How about the Southern crude?

A. Also one of the Standard group.

Q. You have testified you did not ask their aid in your campaign to call this Legislature together?

A. I stated, as Chairman of this Committee, I personally did not. That matter was turned over to Mr. Landreth, and I do not know whom he asked aid of.

Q. Then you are not qualified to testify. You signed all letters, as Chairman of this committee, did you not?

A. I signed most of them, yes, sir; and a great many of them were signed with my permission.

Q. And then, if Mr. Landreth furnished a list voluntarily to this committee yesterday in response to a question, and this list showed that the Atlantic Oil Producing Company was assessed \$800.00 expenses to carry out this program, and paid \$500.00; was he in error?

A. I don't know that he was.

Q. And The Arkansas Gas & Fuel Company was assessed \$1200.00 and paid \$600.00; that the Barnsdall Oil Company was assessed \$600.00, and paid \$300.00; that the Big Lake Oil Company paid \$300.00; the California Company was assessed \$1600.00, and paid \$800.00; the Humble Oil & Refining Company was assessed \$7200.00 and paid \$3600.00; that the Mid-Kansas was assessed \$4500.00, and paid \$2000.00; that the Phillips Petroleum Company was assessed \$2000.00 and paid \$1000.00; that the Prairie Oil & Gas Company was assessed \$1200.00 and paid \$600.00; that the Shell was assessed \$3000.00, and paid \$1500.00; the Simms was assessed \$1000.00 and paid nothing; the Stanolind was assessed \$1500.00 and paid \$750.00; the Sun was assessed \$1800.00 and paid \$900.00; the Vacuum was assessed \$200.00, and paid \$50.00; that the Southern Crude was assessed \$1800.00 and paid \$600.00; making a total of \$12,900 collected from these major oil companies to put over your publicity campaign and other activities, then you say you did not receive any aid from these companies?

Senator Woodward: What list is that you are reading from?

Senator Pollard: Yesterday afternoon I requested Mr. Landreth to furnish me a list of the members of the Mid-Continent Oil & Gas Association; and instead of that he furnished this list, the original of which I have

here, showing the facts I have just developed.

Senator Woodward: I think that is true. But what I wanted to get was as to whether you were aware of the fact that this witness here had nothing to do with that particular organization.

Senator Pollard: Well, what is this organization?

Senator Woodward: I understand this is a list of persons, firms, and corporations, who were asked to subscribe to the Central Proration Committee, and that Mr. Landreth in turning that in understood you to ask for the Central Proration Committee list, when as a matter of fact, I think you asked for the list of contributors, or persons asked to contribute to this Committee of which Mr. Todd is the chairman.

Senator Pollard: Are you testifying, Senator? We will excuse Mr. Todd, and ask Mr. Landreth to come up here again, then.

Senator Woodward: I just wanted to keep the record straight was all, Senator.

Senator Pollard: I ask the unanimous consent of the committee to excuse Mr. Todd, and let Mr. Landreth explain where he got this money, and for what purpose he used it, and why he didn't assess other oil companies.

Senator Woodward: I just want the record straight, Senator. This list is not the contributors to the organization of which Mr. Todd is chairman. Mr. Landreth just handed you that list in response to a question. In other words, he handed you a list that applies to another organization.

Senator Pollard: Mr. Landreth never explained to me that it was for the Central Proration Committee; all the time he led me to believe it was for this very purpose.

Senator Woodward: I am not going into that. I think the list you are inquiring about is a list this gentleman is familiar with.

Senator Pollard: I think he is competent to testify about it then.

Senator Woodward: I just wanted to keep the record straight.

Senator Pollard: You are not insinuating that I am not trying to keep record straight, are you?

Senator Woodward: No; I am trying to straighten you out on the fact that that list is not the list you were inquiring about. In other words, Mr.

Landreth handed you a list, but this is not the list about which you were inquiring of this gentleman about; but is the list about which you inquired yesterday.

Senator Pollard: Well, don't you think he is the man to furnish that rather than the Senator from Coleman?

Senator Woodward: I can't furnish it.

Senator Pollard: I will be glad to do anything that will disclose the entire situation as it exists. Any way that suits the Senator from Coleman, I will be glad to do it.

The Chairman: Is Mr. Landreth in possession of the list you want?

Senator Pollard: I guess so.

Senator Woodward: I can have it here right after you adjourn at lunch. It is a matter of not getting it confused is all.

Q. Mr. Todd, just forgetting this list now, I want to ask you just how much money did your association raise to put over this publicity campaign and get the Legislature together and put over the bill you are advocating?

A. I don't know.

Q. Did you have anything to do with that whatever?

A. No, sir.

Q. Now then, will you please outline the various activities of your association to meet the inception until now, in regard to getting this bill before the Legislature?

A. As I told you, the Oil Emergency Committee was organized in Dallas on June the 8th. It appointed a committee of approximately fifty to call on the Governor and present resolutions that were adopted at that time. This committee performed that duty and since that time,—then we created a legal committee, made up of lawyers and producers of the various sections of the state and they were asked to write a bill, which they completed just the day before the Legislature met.

Q. Your bill has never been submitted to your committee of fifty individually?

A. It was approved.

Q. At what meeting?

A. At a meeting here on the roof of the Austin Hotel on the morning the Legislature met, I think that was the date.

Q. How many of the committee attended?

A. About forty-five.

Q. Of the fifty?

A. Yes, sir.

Q. Have you got a list of those that attended?

A. No, sir.

Q. Can you give a list of those?

A. I think so, I will be glad to try it.

Q. Can you name those that attended?

A. I can name a few of them.

Q. Suppose you name them, as many as you can, from memory without referring to your notes?

A. Without referring to my notes I think it would be unfair to me, that has been a week or two ago.

Q. All right, let's forget that.

A. I never made any attempt to memorize all of the members that were there.

Q. Just about how many operators in Texas do you actually represent through your committee?

A. I think we represent all of the producers and royalty owners who were attending that meeting in Dallas on the morning of June the 8th.

Q. Although there were only forty-five of them that has seen your bill?

A. I think the bill has been pretty well distributed.

Q. Do you know what is in it?

A. Pretty well, I have read it.

Q. Does your bill propose ratable taking?

A. Yes, sir.

Q. Just discuss what you think ought to be done in regard to that?

A. You have a ratable taking law, I think it ought to be enforced.

Q. Do you think we ought to have any more provisions to assist in the enforcement of it?

A. I am not an attorney and I could not say what could be done legally in the matter, I think that is a legal question. The attorneys made up this bill of ours, or the suggestions we have on that, as they saw fit, I would not criticise their actions.

Q. Your bill primarily is for the purpose of enforcing proration?

A. Primarily for conservation and enforcement of ratable takings even withdrawals and confining the outlet to the market demand.

Q. Then you don't believe in proration?

A. Well, you can call it whatever you please, I think it is the same thing, you can use the proration or most any other name you would like.

Q. How many independent operators are there today in Texas?

A. I don't know of my own knowledge, it has been estimated there were seven or eight hundred.

Q. Is that all?

A. I don't know.

Q. You say that five hundred of that seven hundred attended that meeting in Dallas?

A. I said it was estimated between four and five hundred.

Q. Is it not a fact, that about half of that group that attended that meeting were not producers but men interested in royalty and land owners?

A. I do not draw any line between the royalty owners and a producer, he is in the same boat.

Q. All right, now about this committee, without considering all the owners and producers, there are over seven hundred in Texas?

A. I think that is the report, I have never made a count of them.

Q. What I am trying to get at is this, you know there are more than seven hundred royalty owners in Texas?

A. You asked about producers.

Q. But there may be a thousand royalty owners?

A. Yes, sir.

Q. That meeting you called in Dallas was not only attended by producers but land owners and royalty owners?

A. Yes, sir.

Q. You took the aggregate, composed of all of those groups, and you estimate you had five hundred?

A. Yes, sir.

Q. Then your statement that that five hundred was producers is in error to the extent you had royalty owners and land owners?

A. I think the preponderance of the group was producers.

Questions by Senator Small.

Q. There was not anybody excluded from that meeting?

A. No, sir, no one at all, everyone was invited.

Q. In the main, so far as you know, it was composed of representative citizens of the State of Texas who were trying to do something to revive the oil industry?

A. Yes, sir.

Q. What was the allowable for the East Texas field under the last order of the Railroad Commission?

A. Two hundred and fifty thousand barrels.

Q. How was that distributed among the various properties in East Texas?

A. On a unit basis, I believe, they called that the unit and well basis. That possibly not exactly the Cranfill plan but very nearly so.

Q. Who was to look after the amount and determine the amount each well should produce over there?

A. The umpire.

Q. What amount was allowed for a twenty acre lease, do you remember?

A. I think it was two hundred and thirty-six or thirty-eight barrels.

Q. Was it two hundred and thirty-six or two hundred and two?

A. Well, the last proration order put out was two hundred and two.

Q. Under the Cranfill plan that they were trying to set up by agreement and to work by agreement instead of by law or any other enforcement agency they were to allow three hundred barrels?

A. That was the basis of their plan.

Q. The umpires go out and distribute this production over the various properties in the field, that was the plan, was it not?

A. Yes, sir.

Q. Are you acquainted with a man named Hamilton that lives in Wichita Falls?

A. W. B. Hamilton?

Q. Yes.

A. Yes, I know him.

Q. Do you know about a lease he owns up there adjacent to a lease owned and operated by the Sinclair people?

A. I understand they have a lease there.

Q. Do you know whether, as a matter of fact, that Mr. Hamilton was allowed two hundred and two barrels on his lease?

A. Well, I presume he was because that was the basis of the last proration schedule.

Q. Now, with reference to the Sinclair lease that was adjacent to him, do you know whether or not they went into court and obtained an injunction against that order, restraining the operation of the order with reference to that lease?

A. I saw by the newspapers they did, and I understand from the umpire they have an injunction.

Q. Now, Mr. Hamilton observed that order, providing for two hundred and two barrels, do you know what his immediate neighbor competitor in the form of the Sinclair property produced from their lease?

A. I don't know what the Sinclair produces, but the umpire told me over the telephone yesterday morning that the Sinclair was running wide open with all of their stuff.

Q. Do you know what amount the Sinclair produced there by Mr. Hamilton when he was trying to observe the orders of the Commission?

A. I don't know of my own knowledge.

Q. What is your information that they produced on that lease, while Mr. Hamilton was observing the Commission's order?

A. My opinion is that they produced large quantities of oil that was in excess of the allowable.

Q. Say seven or eight thousand barrels?

A. Yes, sir.

Q. And Mr. Hamilton was there with a property trying to observe the orders of the commission, producing two hundred barrels a day and the man on the next lease producing several thousand barrels?

A. Yes, sir, that condition exists there.

Q. Do you know about the Tyler Company over there in East Texas?

A. Yes, sir.

Q. Do you know their attitude toward the order of the Commission?

A. They violated the first order of the Commission and the umpire told me yesterday that they were violating it at the present time.

Q. And other people sitting there next to them trying to observe the law of ratable taking?

A. Yes, sir.

Q. And producing down to the allowable amount?

A. Yes, sir.

Q. Now, is that condition rather prevalent in East Texas?

A. Yes, sir; quite so.

Q. Is that one of the violations your organization attempted to remedy by legislation?

A. Yes, sir.

Q. Let every man have his proportion of the oil, and let him be given an opportunity to sell the oil in the market of the country?

A. Yes, sir.

Q. Whatever activities you have engaged in, whatever funds have been raised or whatever people have been employed, have been employed to the end that this Legislature would have the information to pass adequate laws to remedy that very situation that exists over there?

A. Yes, sir.

Q. And situations similar to that existing in the Panhandle and over the different portions of the State?

A. I understand that is correct.

Q. What is your understanding of the common taker law with reference to railroads?

A. I don't know much about—the common purchaser act, you mean?

Q. Yes.

A. It has never been enforced so far as I know. I do not know of any attempt made to enforce it, and my general understanding is that it does not apply to railroads.

Q. Those violators have been confined largely through the railroad, independent of the common carrier pipe line?

A. Yes, sir, great quantities.

Q. They have been using the railroads as a means of getting the oil out of the country and disregarding the common carrier feature of the pipe line?

A. Yes, sir.

Q. What about the little short pipe lines that go to the loading racks, have they been paying any attention to the common carrier features?

A. According to my information they have not.

Q. Well, do you think the activity of the railroad, which so far as I know is legal, and the activities of the little short pipe lines, which so far as I am aware is perfectly legal, has been a very material factor in making the common carrier feature of this bill we passed at the regular session of the Legislature inoperative?

A. It has been a large factor in preventing it from working.

Q. Now, as I understand you, you endorsed in a general way the provisions of the bill proposed by the legal staff of the organization of which you are president?

A. Yes, sir.

(Whereupon at twelve o'clock, the committee on State Affairs, adjourned until one thirty, p. m.)

AFTERNOON SESSION.

Thursday, July 30, 1931.

The Chairman: The Committee will come to order. Who was questioning the witness.

Senator Pollard: Senator Small was.

Senator Woodward: He is not here. If agreeable, Mr. Landreth has got to leave this afternoon and wants to make an explanation to this Committee.

The Chairman: I would like to question Mr. Todd myself a few minutes.

Senator Pollard: It seems I have misunderstood Mr. Landreth. I think he is entitled to make the explanation now so that the press can carry the explanation, if they carry the other.

The Chairman: Mr. Landreth has been sworn. Proceed.

Questions by Senator Woodward.

Q. Mr. Landreth, I don't know just how to begin this, but whatever explanation you want to make in reference to those lists, make it, and then file with the reporter the exhibit that you have.

A. I want to make this statement. When Mr. Pollard was questioning me, the record will show that he asked me how many members were in our gang, and I told him I had a list, and after furnishing him the list—

Senator Pollard: You mean the reporter.

A. I furnished the list to the reporter. The record shows that I stated I think sixty or seventy members of the Texas Emergency, and in addition to that I still want to refer to the members of the Mid-Continent Oil and Gas Association, are a good many of those. In handing Mr. Pollard the list—

Senator Pollard: You mean the reporter.

A. The reporter the list,—I had

two lists here that are practically duplicates in their form. In other words, these lists were made up in our office and I handed the reporter a list of the members mailed out May 28th, 1931, instead of the members of the Texas Oil Emergency Committee. If Mr. Pollard wishes, I want to give him the list of the members of the Texas Oil Emergency Committee.

Senator Pollard: File it for the record and let it be copied by the reporter.

A. Yes, sir.

Fort Worth, Texas, July 9, 1931.

Members of Texas Oil Emergency Committee Who Have Paid Dues.

Allen, E. G., care Shell Petroleum Corporation, Dallas.

Anzac Oil Corp., Coleman, Texas.

Barnsdall Oil Co., Box 2033, Tulsa, Okla.

Al Buchanan, 2113 Alamo Natl. Bank Bldg., San Antonio.

Bohner, C. J., Box 896, Burkburnet, Texas.

Bridwell Oil Co., Wichita Falls, Texas.

Byrd-Frost, Inc., 1103-4 Dallas Athletic Club Bldg., Dallas.

Carter, S. L., care Columbia Oil & Gas Co., Dallas.

Collins, J. L., Box 918, Corsicana, Texas.

Conway, W. D., Ranger, Texas, Box 1147.

Cornelius, C. F., 803 Aviation Bldg., Fort Worth.

Crim, Malcolm.

Deep Rock Oil Co., Fort Worth, Texas.

F. H. E. Oil Co., 1118 Fair Bldg., Fort Worth, Texas.

Flynn, P. B., 805 City Natl. Bank Bldg., Wichita Falls.

Guiberson, S. A. Jr., Adolphus Hotel, Dallas, Texas.

Grisham-Hunter Corp., Box 1464, Abilene, Texas.

Hager, Dilworth S., 516 Milam Bldg., San Antonio, Texas.

Hopkins, Edwin B., 201 S. Main St., Longview, Texas.

Hughes, J. K., Mexia, Texas.

H-Y Oil Co., Inc., 802 Dan Waggoner Bldg., Fort Worth.

Hunt, H. L., 213 1/2 S. Broadway, Box 904, Tyler, Texas.

Hardwicke, R. E.

Jones, Roy B., Wichita Falls, Texas.

Landreth Production Corp., 1412

Petroleum Bldg., Fort Worth, Texas.
 Lufkin Foundry & Mach. Co., Lufkin, Texas.
 McLean, Marrs, Beaumont, Texas.
 Mid-Kansas Oil & Gas Co., 537 S. Main St., Findlay, Ohio.
 McCurdy, E. J., Jr., Elks Club Hotel, Fort Worth.
 Moncrief, W. A., 1715 W. T. Waggoner Bldg., Fort Worth.
 Mowers, Clifford, Box 661, Longview, Texas.
 Nash & Windfohr, Graham, Texas.
 Neversuch Oil Co., Mexia, Texas.
 O'Donohoe-Gibson Drlg. Co., 712 City Natl. Bldg., Wichita Falls, Texas.
 O'Keefe & Collett Corp., Bryce Bldg., Fort Worth, Texas.
 Pew, J. Edgar, care Sun Oil Co., Dallas, Texas.
 Pew, Jno. G., care Sun Oil Co., Dallas, Texas.
 Phillips Petroleum Co., Bartlesville, Okla.
 Parker, George, care Lewis Production Co., Tulsa, Okla.
 Peerless Oil & Gas Co., 813 Alamo Natl. Bldg., San Antonio.
 Pearson, J. R., Box 918, Corsicana, Texas.
 Penn Oil Co., First Natl. Bank Bldg., Wichita Falls, Texas.
 Petroleum Producers Co., 712 City Natl. Bldg., Wichita Falls, Texas.
 Petroleum Finance Corp. of Texas, 201 S. Main St., Longview, Texas.
 Rowan & Nichols Oil Co., 402 Petroleum Bldg., Fort Worth, Texas.
 Roeser-Pendleton, Inc., 613 Ft. Worth Club Bldg., Ft. Worth, Texas.
 Roeser, Chas. F., 613 Ft. Worth Club Bldg., Ft. Worth, Texas.
 Schermerhorn Oil Co., 821 Kennedy Bldg., Tulsa, Okla.
 Simms Oil Co., Dallas, Texas.
 Skelly Oil Co., Tulsa, Okla.
 Smith, D. V., 226 E. Magnolia, San Antonio, Texas.
 Snowden & McSweeney Co., 1402 Sinclair Bldg., Ft. Worth, Texas.
 Sweeney, M. B., Box 2880, Dallas, Texas.
 Texas Exploration Co., 803 Chronicle Bldg., Houston, Texas.
 Turman Oil Co., 518 Exchange Bldg., Tulsa, Okla.
 Taylor, J. L., 1715 E. T. Waggoner Bldg., Ft. Worth.
 United Producers Co., City Natl. Bldg., Wichita Falls, Texas.
 Valley Oil Corp., 803 Chronicle Bldg., Houston, Texas.

Windsor, W. C., Tyler, Texas.
 Weinert, H. H., Box 797, Seguin, Texas.
 Wheelock, J. N., Box 918, Corsicana, Texas.
 Wheelock, R. L., Box 918, Corsicana, Texas.

Now, in further explanation of the question that Mr. Pollard has brought up with Mr. Todd in discussing this list, I would like at this time to read a couple of letters in the record that will show why the contributions were made by these major companies that Mr. Pollard questions. I will read these two letters and then turn them in. They are very important letters. This letter here is dated July 23, 1930.

LANDRETH PRODUCTION CORPORATION.

Petroleum Building.

Fort Worth, Texas, July 23, 1930.
 Every person or company interested in the oil business, directly or indirectly, is fully cognizant of the over-production situation not only in Texas but also throughout the entire United States and South America. This condition has existed for the past several years, and unless some immediate constructive action is taken by the producers, disaster for all is inevitable. Oklahoma producers have unanimously voted to reduce its production 100,000 barrels daily and the Corporation Commission has this day approved the same; California will undoubtedly reduce its 596,000 barrels per day objective; and Texas must immediately make drastic adjustments in its production program or crude price production is inevitable.

By joint action of the Mid-Continent Oil & Gas Association, Independent Petroleum Association of Texas, and pipeline companies, purchasers of crude oil, a committee was appointed, comprised of two members from each group to study the Pipe Line Act passed by the last Legislature of this State and designed to remedy certain inequalities arising from the over-production situation. This committee of six reported and recommended to the producers that daily production in this State be reduced 76,000 barrels, which was the excess of production over demand. The producers not only adopted this recommendation but also voted to reduce production by 126,000 barrels daily, an additional 50,000 barrels.

The Pipe Line Act is the most logical agency through which to effect the reduction in our daily production and to equitably distribute the output to the several fields and to individual leases in each field. It is the object of the joint committee representing the three groups above mentioned, to carefully study the situation in this State and to make such recommendations to the Railroad Commission as will permit that governmental agency to effectively and equitably enforce this constructive Legislation. It will be the purpose and objective of the Committee to give full consideration to the conditions existing in each oil field in Texas and to curtail the production of flush fields at their inception reducing the daily production of large fields and to protect the small or marginal producing oil wells. The committee appreciates the fact that the thousands of small wells in Texas operated at irreducible minimum must be preserved and the rights of the operators thereof protected. It is obvious that this committee must give its unlimited time and study to the situation and must obtain the aid of a technical adviser, devoting full time, in order to accomplish its purpose.

If this committee receives the co-operation of all producers and pipe line companies, it will undoubtedly correct a chaotic which, during the past several years, has threatened the very existence of the majority of oil producers and operators, both large and small. It is the writer's personal opinion that upon the results of the efforts of this committee depends the future of crude oil price structure in this State. It is the writer's further opinion that, should the committee accomplish its objective and the Railroad Commission enforce its recommendation, through the enforcement of the pipe line laws, the industry in this State will again become stabilized and the crude oil price structure again placed on a higher level. The committee has employed, as its technical adviser, Mr. David Donoghue, who will devote his entire time in this work. There will be many expenses incidental to the work of the adviser and the committee, and it is necessary to raise funds among the producers and those connected with the oil business in this State to defray the same.

The committee has asked the writ-

er to assist in raising sufficient funds to enable it to carry out its constructive program, and I am very glad to give my time in assisting in this work and trust that everyone will respond to this worthy call.

It is necessary that approximately \$20,000.00 be raised at once to permit your committee and its adviser to function and carry on its good work. We have attempted to prorate this expense equitably to all and have made assessments which we believe commensurate with the benefits which will eventually inure to each. Your assessment is \$_____ and we will greatly appreciate your immediate and serious consideration of this matter, and realizing the importance of the work of the committee, mail your check for the above amount, payable to the Mid-Continent Oil & Gas Association Curtailment Fund, to the writer at P. O. Box 1519, Fort Worth, Texas.

In connection with this matter may I call your attention to the hearing called by the Railroad Commission of Texas at Austin, Texas, at Ten o'clock a. m. Wednesday July 30th, 1930, to consider the application of a committee and to consider the Pipe Line Bill. This meeting is of great importance to all, especially the independent operators, and you should be present to voice your sentiments and offer suggestions. It is the consensus of opinion that, in line with the drastic cuts in daily production made in Oklahoma and California, Texas should cut its daily production to at least 700,000 barrels daily. Please try to be present at this meeting.

Your very truly,

Mr. Landreth: On August 28th, 1930, I wrote the second letter.

Landreth Production Corporation.
Petroleum Building.

Fort Worth, Texas.

August 28, 1930.

E. A. Landreth, president.

On July 23, 1930, I addressed a letter to those interested, directly or indirectly, in the oil business in Texas, soliciting contributions to defray expenses incidental to the work to be done by the joint Curtailment Committee in its program for statewide curtailment. As stated in that letter, I was requested by the committee to raise these funds and it was our hope that all would respond to our first

call. We have raised approximately only one-half of the amount needed and I am again writing you, earnestly requesting that you give this matter your immediate attention and forward your check covering your assessment to me, as set out in the above mentioned letter, at the earliest possible date.

You have undoubtedly closely followed the developments since the first meeting held in Austin, on July 30, 1930, before the Railroad Commission in connection with the curtailment program. If you have not done so allow me to take this opportunity of advising you that, with few exceptions, all operators and producing companies have shown a splendid spirit of cooperation and are now working to reduce the daily production in Texas to 750,000 barrels in accordance with the order of the Railroad Commission, which becomes effective August 27, 1930 for a 90 day period. You will note that not only has the order of the Railroad Commission taken cognizance of the necessity of preserving marginal producing wells in Texas, but also the various district committees in their reports to Railroad Commission have given this type of wells full consideration with the recommendations protecting the same. This in itself should be sufficient incentive for operators of leases with this type of wells to immediately make their contributions to defray the expenses incidental to the work of the technical adviser of the Curtailment Committee.

The large producing companies and operators are fully aware of the reports and recommendations of Mr. David Donoghue, the Committee's Technical Advisor, insofar as the same cover the various major producing areas, the comprehensiveness of the same and the amount of detailed work and study reflected therein. To adjust the proration orders of the Railroad Commission to the ever changing conditions of the many fields of Texas, to equitably enforce the proposed reduction in production, and to meet the objections of many producers, it will be necessary for Mr. Donoghue to continue his splendid work and necessarily incur additional expenses. We trust all producers will realize this fact and assist us to the extent of making the financial contribution requested. It occurs to the writer

that with the general committee and the many district and field committees giving such a great portion of their time from their respective companies and interests, in addition to having made substantial contributions, in attempting to work out a remedy for an unsettled and unstable industry, the success of which will so materially aid us all, that those not so contributing their time should willingly render the financial aid which is necessary for the success of the curtailment program. It takes the cooperation of all to successfully curtail our production and likewise it is imperative that each operator or interest make its contribution, no matter how small, toward the expense incidental to this work.

I am, therefore again calling your attention to my letter of July 23rd, and earnestly requesting you to do your part in this constructive program by remitting the contribution suggested.

Yours very truly,

E. A. Landreth.

EAL:B

Mr. Landreth: On April 22nd, 1931, I wrote the following letter.

Landreth Production Corporation
Petroleum Building

Fort Worth, Texas,
April 22, 1931.

E. A. Landreth,
President.

In response to my letters of July 23rd and August 26, 1930, the funds necessary to carry on the work of stabilization of crude oil production in Texas under the supervision of the Joint Committee of the Mid-Continent Oil & Gas Association, the Independent Petroleum Association of Texas, and the pipeline companies, have been sufficient to carry us through the month of March, 1931.

Due to the heavy legal expense in connection with the Danciger Oil & Gas Company's attempt to throw over our program and to the troubles we have encountered in East Texas in getting that district in line, it will be necessary that each and every contributor pay immediately a 25% assessment, based on the original amount subscribed. This should take care of our program up to June 1, 1931.

We feel that it is very necessary that the work of this committee be continued through another year and we will thank you to include in your budget an amount equal to your original assessment for the purpose of carrying on our program, this to start June, 1931 and to continue until June, 1932.

We earnestly request your further participation in this constructive program by remitting the special assessment by return mail, making your check payable to the Mid-Continent Oil & Gas Association Curtailment Fund, and mail to the writer at P. O. Box 1519, Fort Worth, Texas.

Yours very truly,

EAL:B

Mr. Landreth: Now, in your House Journal, page 94, Mr. Penn turned in a list of contributions and disbursements, and I would like to reoffer the people that contributed, and you don't need to take that

down, I will give you the statement. I want to show when Mr. Pollard selected a few major companies he overlooked nearly a hundred independent producers, and I think in fairness to this whole situation, we want to show that is absolutely statewide and everybody that has a sincere desire to curtail production has come in and helped us out on this situation. The Amerada Petroleum Corporation — — —

Senator Pollard: Would you mind giving the dates when you read them?

Senator Woodruff: In the interest of time, I think every member of the Senate has seen that list, it occurs to me that it might be dispensed with. We are all familiar with it.

Senator Woodward: It can be put in the record.

The Chairman: If there is no objection it will go into the record without being read.

STATEMENTS OF CONTRIBUTIONS

June 16, 1930 to February 5, 1931.

	Quarters covered by contributions.	Total contributions.
Amerada Petroleum Corporation.....	4	\$ 278.00
American Refining Properties.....		50.00
Arkansas Natural Gas Company.....		100.00
Atlantic Oil Producing Company.....	4	500.00
Barnsdall Oil Company, 7 months at \$50.....		350.00
Bridwell Oil Company.....		75.00
Caldwell, C. M.....		50.00
California Company, The.....	3	1,013.13
Cameron, Wm. & Company.....		50.00
Cantey, Hanger and McMahon.....		50.00
Carter, Amon G.....		50.00
Clay Lumber Company.....		50.00
Continental National Bank of Ft. Worth.....		100.00
Continental Oil Company.....	3	1,122.03
Cosden Oil Company.....		200.00
Crawford, R. A. (Lone Star Gas Company).....		100.00
Crump, J. L.....		25.00
Darby Petroleum Corporation.....		50.00
Delmar Oil Company.....		50.00
Developers Oil and Gas Company.....		25.00
Devonian Oil Company.....		50.00
Dixie Oil Company.....		100.00
DuBose and Ellis.....		25.00
Dulaney Investment Company.....		100.00
Eddleman and Payne.....		25.00
Empire Oil and Refining Company.....		375.00
First National Bank of Dallas.....		100.00
First National Bank of Ft. Worth.....		100.00
First National Bank of San Angelo.....		50.00
Fort Worth National Bank.....		100.00
Gibson and Johnson.....		25.00

	Quarters covered by contributions.	Total Contributions
Golding and Cochran.....		100.00
Group No. 1 Oil Corporation.....	4	385.06
Halliburton Oil Well Cementing Company.....		100.00
Hamilton, W. B.....		100.00
Hamon, Jake L.....		50.00
Houston Oil Company of Texas.....		250.00
Humble Oil and Refining Company.....	3	4,204.50
H-Y Oil Company.....		50.00
Independent Oil and Gas Company.....		400.00
Kewanee Oil and Gas Company.....		125.00
Keystone Production Company.....		25.00
Kleiner, Chas. J.....		25.00
Carried forward.....		\$11,152.72
Landreth Production Corporation.....		\$ 200.00
Lucey Petroleum Company.....		50.00
Madden & Hunt.....		25.00
Magnolia Petroleum Company.....	3	1,452.00
Maxwell, J. C.....		75.00
McMan Oil and Gas Company.....		250.00
Mid-Kansas Oil and Gas Company.....	4	1,692.26
Mid-West Exploration Company.....	4	175.00
Moody-Seagraves Producing Company.....		200.00
Nash and Windfohr Oil Corporation.....		25.00
Neversuch Oil Company.....		25.00
Norwood and Landon.....		50.00
Ovis Ranch Company.....		50.00
Owen-Sloan Oil Company.....		100.00
Panhandle Refining Company.....		200.00
Parkersburg Rig and Reel Company.....		100.00
Penn Oil Company.....		100.00
Petroleum Producers Company.....		75.00
Phillips Petroleum Company.....		1,600.00
Plymouth Oil Company.....		75.00
Prairie Oil and Gas Company.....	4	800.00
Pure Oil Company.....	4	800.00
Reiter-Foster Oil Corporation.....		50.00
Riggs, E. R.....		25.00
Rio Grande Oil Company.....		87.50
Roeser and Pendleton.....	4	200.00
Rowan and Hope.....		100.00
St. Mary's Oil and Gas Company.....		50.00
Schermerhorn-Winton Company.....		60.00
Shappel Oil Company.....		50.00
Shaw Oil Corporation, T. G.....		50.00
Shell Petroleum Corporation.....	4	1,825.92
Sidwell Drilling Company.....		25.00
Simms Oil Company.....	4	800.00
Slick, Estate of Thos. B.....		200.00
Snowden and McSweeney.....		60.00
Star Drilling Company.....		25.00
Sun Oil Company.....	2	521.66
Sunray Oil Company.....		125.00
Texas Company, The.....	4	3,400.00
Texas Fidelity Oil Corporation.....		25.00

	Quarters covered by contributions.	Total Contributions
Texas Pacific Coal and Oil Company.....	1	254.96
Texon Oil and Land Company.....	4	146.06
Thomas, J. Elmer.....		25.00
Thompson and Barwise.....		50.00
Tidal Oil Company.....		175.00
Turman Oil Company.....		25.00
Underwood Drilling Company.....		25.00
Union Oil Company of Nevada.....		100.00
United North and South Development Company.....		100.00
Vacuum Oil Company.....		50.00
Vennex Oil Company of Texas.....		60.00
Washer Brothers.....		50.00
Williamson County Pipe Line Company.....		100.00
Total Contributions		\$28,113.08

Questions by Senator Woodward.

Q. In order to hurry this, hurry this matter through, I want to ask you a question or two. The list turned in yesterday in response to what you thought was Senator Pollard's question was a list of what?

A. The list I turned in yesterday was a list of the contributors in our 1930 campaign that we had—

Q. (Interrupting) Who is "our?"

A. I am talking about this Cur-tailment Fund of the State of Texas.

Q. All right.

A. And the list I turned in yesterday to Mr. Pollard from which he read the accounts was a list of individuals and companies we had written asking them for their second yearly contributions, and the amounts he read were the amounts we received on those contributions.

Q. The list you turned in today is a list of what?

A. The list I have turned in today is the membership of the Texas Oil Emergency Association.

Q. Two different associations?

A. Yes, sir.

Q. Now, Mr. Landreth, just one more matter. Are you in possession of a copy of a letter written by the Gulf Company in respect to the Cranfill proration plan? Just answer yes or no?

A. I have a letter in my possession from the Humble Oil & Refining Company instead of the Gulf.

Q. Maybe I was wrong. Would

you mind filing that with the committee and then it can be placed in the record?

A. I will be glad to.

Q. If you don't mind just file it and let it be made a part of the record.

A. All right.

HUMBLE OIL & REFINING COMPANY.

Houston, Texas, June 9th, 1931.

Mr. Tom Cranfill,
Dallas, Texas.

Dear Mr. Cranfill:

Following the discussion in my office yesterday relative to your efforts and those of your associates to bring about orderly, prorated production in East Texas, I communicated with representatives of the following companies: Texas, Gulf, Stanolind, Magnolia, Houston Oil, Atlas Pipe Line and Tidal Oil Company. All of these companies are willing and ready to go along with any reasonable program for the control of production in East Texas to the end that it be taken ratably, with equity and fairness prevailing among producers. Mr. Brown, of the Magnolia said he would prefer to talk to direct as to any pledge that his company might make. The Stanolind people said in principle they were in accord and wanted to go ahead but would confirm further. I do not think there is any doubt but what you will find all of the major

companies, without exception, and all of the large producing companies entirely willing to go along with and support any program that has the promise of success to bring about orderly production in East Texas.

Of course you and Mr. Murchison and Mr. Pollard who were here, realize fully that the success of your program is dependent primarily upon unanimous or 100% approval of all producers or prospective producers in this oil field. This you gentlemen frankly admitted in our discussion as you consistently used the phrase "100% endorsement."

I understand your program to be, briefly, that the field be prorated under Railroad Commission's orders on a well basis, each well to constitute a unit when it is on a minimum size tract of twenty acres; larger tracts to contain as many units as they contain twenty acres. The owner of such larger tracts is to be compelled to drill only one well in order to secure the unit allowable for his entire tract, such other wells as he might drill to be at owners' option. You stated your belief that the field should be prorated on a basis that would give it in excess of 200,000 barrels a day now, this to be about 300 barrels per well on the present number of producing wells, and that this allowable should be stepped up as the market can absorb it to a maximum of 500,000 barrels, which maximum should be held for a period of three years. These tracts of land of lesser acreage than the unit established would be given due consideration and through the efforts of an arbitration committee to be established the equities and adjustments necessary to treat these properties fairly would be worked out and adjusted to the end that complete accord with the program would be reached and there would be a one hundred per cent agreement.

I find no disposition on the part of any of the people with whom I have talked to combat in any way the program that you have suggested. One thing is stressed, however, which I desire to call to your attention and that is that it is urgent that no time be lost and that your program, or any program applicable in East Texas, should be pushed to completion at the earliest possible date. It seems to me that

if any success is to come from your efforts it must all come through the promptness and efficiency with which you act. I believe you estimate that this could be accomplished within ten days.

In order that there may be no misunderstanding as to this company's position I wish to confirm what was said in our conference yesterday—that the Humble Company is agreeable to any equitable program that will bring about ratable takings and relieve the situation in which the industry now finds itself. We are agreeable to any such program whether the same be by any legal character of voluntary action by order of the Railroad Commission either with or without additional legislation. In other words, we have no pet theory but are willing to cooperate along any line that promises relief.

Very truly yours,

Mr. Clint Murchison, Dallas, Texas.
Mr. James Pollard, Dallas, Texas.
Mr. T. J. Donoghue, care The Texas Company, Houston, Texas.
Mr. Underwood Nazro, care Gulf Production Company, Houston, Texas.
Mr. A. W. Peaks, care Standard Oil Co., Indiana, Chicago Ill.
Mr. E. H. Buckner, care Houston Oil Company, Houston, Texas.
Mr. E. R. Brown, care Magnolia Petroleum Co., Dallas, Texas.
Mr. B. H. Gray, care Atlas Pipe Line Co., Shreveport, La.
Mr. E. R. Barton, care Tidal Oil Company, Tulsa, Okla.

Questions by Senator Pollard.

Q. According to this list you turned in yesterday, to July 10, you had collected \$15,650.00. Now, the reason I asked about these major companies, they paid out of that a total of \$12,900.00 leaving a balance of \$2,350.00 paid by all other interested parties, according to your statement. That is the reason I asked about it.

A. When you mention the major companies, are you including the Phillips Petroleum Company, and the Simms?

Q. They are large organizations.

A. Yes. They are in the semi-major companies, but, Mr. Pollard, let me state this, that list is based on one-fourth of one mill per barrel of the daily production and the ma-

for companies control that much of the production over the State of Texas, and it is a curtailment fund to stabilize the oil industry over the past year and a half.

Q. Yes, sir, I understand that. To clarify this situation, my question yesterday intended to have Mr. Landreth file a list of the members of the Mid-Continent Oil & Gas Association. He and I were discussing that association along with,—what do you call it?

A. The Texas Oil Emergency Committee.

Q. After the hearing, the reporter came to me with this list and ask me if I wanted to put the amounts in the records. I didn't ask for anything but the membership. I looked at it and said that I didn't ask for that, but if that was the statement showing what this Emergency Committee had collected we might as well put it in the record. Now, later in the afternoon or evening I saw Mr. Landreth and kidded him a good deal about the matter. At that time he thought I understood it was a list of the Central Proration Committee. I just want to make this statement in order that we might all understand each other. Any mistake that was made was unintentional and I accept everything Mr. Landreth says at its full face value, and I know he is telling the truth about it. But I would like to ask you this. Out of what fund are you paying Mr. Kittrell and paying the expenses of the Emergency Committee?

A. Out of the Texas Oil Emergency Committee Fund.

Q. They have a separate fund?

A. Yes.

Q. Which has not been mentioned here?

A. That is right.

Q. And that is raised among the independents solely?

A. Among some seventy individuals.

Q. Personally I am not interested in that except to clarify the whole situation. I am sorry there has been any misunderstanding.

A. That is perfectly all right.

Questions by Senator Woodruff.

Q. You refer to this Emergency Fund Committee as the Curtailment Committee?

A. No, the other committee was known as the Mid-Continent Oil & Gas Association Committee.

Q. The purpose of that committee was what?

A. We had a serious overproduction of oil last year and it has gotten more serious as you know, and our purpose was to work over the State, work with the Railroad Commission and try to curtail the production in each field, hold it down so we would have a stabilized condition, and as you know it has got away from us.

(Exhibit in connection with testimony of W. L. Todd.)

Texas Oil Emergency Committee.

W. L. Todd, Chairman.
Dallas, Texas.

Frank P. Zoch, Vice-Chairman
San Antonio, Texas.

Ed A. Landreth, Secretary-Treasurer
Fort Worth, Texas.

Headquarters
Petroleum Building.
Fort Worth, Texas.

Executive Committee.

W. L. Todd	Dallas
W. D. Tucker	Tyler
C. F. Roeser	Fort Worth
E. L. Smith	Mexia
J. D. Collett	Fort Worth
Malcom Crim	Kilgore
W. A. Moncrief	Fort Worth
Frank Zoch	San Antonio
E. A. Landreth	Fort Worth
Ben Laird	Kilgore
H. L. Hunt	Henderson
J. K. Hughes	Mexia
Clifford Mooers	Longview
R. L. Wheelock	Corsicana
H. R. Dickerson	Longview
Guy A. Blount	Nacogdoches
J. Lewis Thompson	Longview
W. C. Trout	Lufkin
L. D. Gilbert	Tyler
Jack Shannon	Fort Worth
E. T. Moore	Dallas
Dr. E. L. Waker	Longview
F. K. Lathrop	Longview
W. C. Windsor	Longview
Al Guiberson	Dallas
R. T. Fair	Tyler
Jake L. Hamon, Jr.	Henderson
Barney Flynn	Wichita Falls
S. D. McIlroy	Amarillo
E. H. Eddleman	Wichita Falls
R. F. Windfohr	Graham
John Gholson	Ranger

Roy B. Jones	Wichita Falls
J. S. Bridwell	Wichita Falls
William Fleming	Fort Worth
T. F. Hunter	Wichita Falls
John F. O'Donohoe	Wichita Falls
C. M. Caldwell	Abilene
T. F. Grisham	Abilene
George Morgan	San Angelo
Joe M. Weaver	Eastland
C. L. Morgan	Fort Worth
Leon F. Russ	Longview
D. Harold Byrd	Dallas
Marrs McLean	Beaumont
George Sawtelle	Houston
Beeman Strong	Beaumont
Dr. F. L. Thompson	San Antonio
Ed McMahon	San Antonio
Gilbert Denman	San Antonio
C. F. Richards	Lockhart
H. H. Weinert	Seguin
C. H. Papex	Tyler
Ike Kampman	San Antonio
Chas. Brachfield	Henderson

Q. Now, just what did your committee do in regard to curtailment of production?

A. Well, we had several meetings, and we attended all of these Railroad Commission hearings, and recommended that the Big Lake field be curtailed. It was producing, you know, some several thousand—some thirty thousand odd barrels of oil, with large amounts of gas. Our technical adviser spent several days in the field, and made recommendations that were presented to the Railroad Commission. There was overproduction in the Panhandle, due to some injunctions, and the violators were producing more than they were allowed.

Q. All right. Did you have any meetings of operators?

A. Many of them.

Q. Did you attempt to arrive at any agreement amongst them to curtail their production?

A. We attempted to do this, Senator: That every operator should curtail his drilling operations, and try to hold his production down in those fields that were producing more than they should.

Q. Did you attempt to get any agreements out of any of the operators, in consideration that others would make similar agreements and cut down production?

A. The only agreement that we attempted or discussed at all was that all of us would try to co-operate together and it was thoroughly understood that Oklahoma and California

had brought their production in line to the United States requirements, and we had an overproduction in this country, and we were trying to regulate the drilling and make it orderly.

Q. You attempted to arrive at a friendly agreement and understanding amongst the operators that you would cut down production?

A. Absolutely; yes, sir.

Q. All right. Now, who made those agreements, or offered to make them?

A. Well, I think that I was one of the originators of these plans, because I had gone through the Winkler county situation, and we didn't want that to occur again; and Ector—

Q. Did you make an agreement to cut down—

A. We agreed we would develop a well in an orderly way, and develop those fields and try to have an understanding that there would be no unnecessary wells drilled.

Senator Martin: Just a minute, Mr. Chairman.

The Chairman: Senator Martin.

Senator Martin: I just want to make the suggestion that I think it might be appropriate if the people in the congregation to please hold their heads still while the witness is testifying.

The Chairman: You mean the talking, Senator?

Senator Martin: No, bowing or shaking their heads. In other words, the witness is able to testify by himself.

Senator Oneal: Do you think that is curtailing their personal liberty?

Senator Martin: Just a minute. I would rather not state what I have been watching or observing, going on, but if necessary, I can do it.

Q. Did you say you made an agreement curtailing production?

A. I said this—

Q. With anybody. Just answer "yes" or "no."

A. No, sir; I said, Senator, that we met as a body and tried to assist this overproduction situation by curtailing production—drilling, and so on.

Q. All right. If the other operators had entered into an agreement, would you have made an agreement also?

A. I have always been tickled to death to try to stop further production and drilling unnecessary wells.

Q. Would you have considered yourself bound, by the agreement, if you had made it?

A. Any agreement that I ever make, I consider myself bound by.

Q. Did anybody make that agreement, or a similar one?

A. It was just talked, but it was never actually put into—

Q. No agreement was ever arrived at then, between any of the operators?

A. It was just an understanding that we would try to work it out, but it failed.

Q. It failed?

A. Yes, sir.

Q. (By Senator Small) Don't you know that was a violation of the anti-trust law.

A. Is that a question?

Q. Yes, sir.

A. I have never considered the anti-trust laws, Senator, in trying to relieve the oil situation.

Q. I thought I would tell you so you could claim your immunity.

The Chairman: Any further questions of Mr. Landreth? If not, we will excuse Mr. Landreth, and I will ask Mr. Todd to come around.

W. L. Todd, recalled, testified as follows:

Questions by Senator Small.

Q. I believe I was asking you at the noon recess about violations over in East Texas fields, and you had stated in a general way about violations over next to the Hamilton lease by Sinclair interests, and some of the other violations. Now, I want to ask you if you know of any instances over there when the so-called major companies that have been talked about here so much have been guilty of any such violations unless some other person was violating on adjoining leases and made it necessary to protect their own production?

A. Yesterday I talked to the umpire by telephone, at Tyler, and he told me that the Arkansas Fuel Oil Company, and the Sinclair Oil & Gas Company were running wide open on all of their leases—moving all of the oil they could move through their pipe lines, irrespective of whether they had offset violations or not.

Q. Well, I don't call those major companies. What I mean by major companies are The Texas, the Gulf, Magnolia, and the Humble, and companies of that nature.

A. He said that the Humble, Magnolia and Gulf,—he didn't know that they were violating except where

there was offset production running wide open, and in those cases they were doing it.

Q. But the Sinclair and the Arkansas—what's the name of that company?—Arkansas Fuel Company?

A. The Arkansas Fuel Oil Company.

Q. Yes, sir; the Arkansas Fuel Oil Company, and others of their type are flagrantly violating the orders of the Commission?

A. That was the information that I got; yes, sir.

Q. And apparently paying no attention whatsoever to conservation, or anything else, except getting as much oil as possible out of the ground,—irrespective of the rights of any other person?

A. That's correct; yes, sir.

Q. What is your idea with reference to the Commission employing a competent petroleum engineer, or whether the Commission should have such a person in the personnel of the Commission?

A. I think—My opinion is that they—that it would be better for them to employ a competent petroleum engineer.

Q. Well, in describing the qualifications of this man, were he—who were to serve on this commission, what is your conception of any qualifications that should be prescribed?

A. If you are going to have an appointive commission, I think one of them should be an attorney, and I think the other two—provided you are going to have three—ought to be good business men with oil experience. And, they should be authorized to employ a first-class petroleum engineer.

Q. Well, don't you think the easiest thing in the world now-a-days is to employ an attorney, and it would be better to have three business men with oil experience, and let them employ these lawyers and engineers, as they might see fit.

A. Well, I think that would be a matter of opinion. I see no objection, however, to that.

Q. There is one other question, that is not related to this subject, but, is there any relation between the oil and gas ratio, that we have been talking about here, and the water drain or water drive?

A. There is a definite relation in my opinion.

Q. I wish you would explain that and clear it up.

A. The oil gas ratio is something that applies to each individual well, or pool possibly. I don't believe that you could ignore the water drive. In other words, if the oil up on the east side of this East Texas field structure here was taken out more rapidly than the water drive could keep up with it, you would certainly have underground waste. In other words, the two must be considered together in determining how rapidly the oil could be moved without waste.

Q. Then, there is a definite relationship between the gas oil ratio and the water drive in that particular field?

A. Yes, sir; that has been demonstrated in the Yates pool.

Q. And the one should be regulated with reference to the other.

A. Yes, sir.

Q. Did this committee,—this emergency committee—did they have a platform or declaration of principles for which you stood?

A. Yes, sir; they did.

Q. I don't know whether that has been introduced here or not. Do you have one of them?

A. I have a copy of it here. It was printed in the paper at that time.

Q. Do you remember whether or not that has been introduced in evidence here? Have you a copy of it with you, you say?

A. No, sir; I don't think it has. I don't think so.

Senator Small: Is there any objection to having it introduced and included as a part of the record? Please identify that and hand it to the reporter. (Paper signed and handed to the reporter.) I believe that is all.

"Texas Oil Emergency Committee
Save the Oil Industry."

Texas Independent Oil Operators and
Royalty Owners.

Attention!

An important meeting has been called for 10 o'clock Monday morning, June 8, at City Hall Auditorium, Dallas, to effect an emergency organization to consider ways and means of bringing about some relief from the present crisis in the oil industry and to avert, if possible, the greater calamity that appears to be impending.

The following policies are recommended for adoption.

1. Stabilization of the oil industry and conservation of petroleum resources, through regulation of production to balance supply with current demand and through ratable taking from all producers.

2. Fair treatment for all oil producers and royalty owners, large or small.

3. Fair, equitable and fearless enforcement of all conservation laws.

4. Preservation of the Texas oil industry for the benefit of taxable values, the common school fund and the University of Texas.

5. The maintenance of employment for labor and for the stabilization of business in general through better conditions in the oil industry.

6. The enactment of adequate conservation laws that will insure the accomplishment of all these purposes.

Among those who are invited and are expected to attend and bring their friends are the following operators and Royalty Owners.

E. L. Smith, Mexia.

P. B. Flynn, Wichita Falls.

Rade Kangerga, Henderson.

Roy S. Laird, Kilgore.

C. M. Caldwell, Abilene.

E. H. Eddleman, Wichita Falls.

Clifford Mooers, Longview.

W. C. Trout, Lufkin.

Ben Laird, Kilgore.

H. R. Snaveley, Gladwater.

W. C. Windsor, Tyler.

George Morgan, San Angelo.

J. S. Powers, Overton.

Jake Hamon, Jr., Longview.

Dr. F. L. Thompson, San Antonio.

J. P. Nash, Austin.

Bun E. Rodden, Longview.

Carl B. Everett, Gladewater.

Marrs McLean, Beaumont.

Nelson Puett, Luling.

Jim Wheat, Pecos.

Malcolm, Crim, Kilgore.

S. D. McIlroy, Amarillo.

Joe Crump, Marshall.

H. L. Hunt, Tyler.

J. K. Hughes, Mexia.

R. F. Windfohr, Graham.

T. F. Grisham, Abilene.

R. T. Piner, Big Spring.

R. A. Motley, Overton.

L. D. Gilbert, Texarkana.

H. L. Lockhart, El Paso.

W. D. Tucker, Overton.

John T. Crim, Kilgore.
 Gean Bowman, Henderson.
 C. H. Lockhart, Pecos.
 W. C. Stroube, Corsicana.
 M. G. Cheney, Coleman.
 John Gholson, Ranger.
 N. L. Marwil, Henderson.
 James Gahn, Fort Worth.
 W. D. Tucker, Overton.
 Geo. Sawtelle, Houston.
 A. H. Rhodes, Eastland.
 W. D. Conway, Ranger.
 H. H. Weinert, Seguin.
 Frank P. Zoch, San Antonio.
 Ed McMahon, San Antonio.
 R. L. Wheelock, Corsicana.
 Jess Alford, Henderson.
 Truett Cranfill, Dallas.
 J. D. Collett, Fort Worth.
 Capt. J. F. Lucey, Dallas.
 W. P. Moore, Overton.
 Dan Harrison, Houston.
 J. S. Abercrombie, Houston.
 Elwood Fouts, Houston.
 W. A. Maxwell, Overton.
 P. D. Harrison, Longview.
 H. R. Dickerson, Shreveport.
 E. T. Crim, Henderson.
 W. L. Todd, Dallas.
 Hugh Allsup, Amarillo.
 S. R. Thrasher, Longview.
 Roy B. Jones, Wichita Falls.
 M. B. Sweeney, Dallas.
 Gilbert Denman, San Antonio.
 Chas. F. Roeser, Fort Worth.
 R. G. Fleming, Albany.
 J. D. Sandefer, Breckenridge.
 J. Fred Stuckey, Longview.
 F. E. Lathrop, Longview.
 Jack B. Robert, Breckenridge.
 J. L. Collins, Corsicana.
 W. R. Nicholson, Longview.
 M. T. Cole, Gladewater.
 Beeman Strong, Beaumont.
 J. R. Beall, Kilgore.
 S. A. Guiberson, Jr., Dallas.
 Clint Murchison, Dallas.
 Dr. E. L. Walker, Gladewater.
 B. F. Weekley, Fort Worth.
 Guy A. Blount, Nacogdoches.
 J. G. McGrede, Longview.
 Cook Wilson, Beaumont.
 J. S. Bridwell, Wichita Falls.
 Lee Gipson, Overton.
 John R. Black, Dallas.
 John G. Pew, Jr., Dallas.
 J. F. O'Donoghue, Wichita Falls.
 W. B. Hamilton, Wichita Falls.
 J. Edgar Pew, Dallas.
 W. G. Skelley, Tulsa.
 Leon F. Russ, Longview.
 Frank Yount, Beaumont.
 E. B. Hopkins, Longview.

Ira G. Yates, San Angelo.
 Lou Ladd, Fort Worth.
 Joe C. Maxwell, Fort Worth.
 C. J. Davidson, Fort Worth.
 Herbert Straight, Bartlesville, Okla.
 Harry Florey, Overton.
 W. T. Lewis, Fort Worth.
 T. F. Hunter, Wichita Falls.
 J. J. Rayford, Henderson.
 J. P. Shannon, Fort Worth.
 George Hill, Fort Worth.
 George Moore, Fort Worth.
 W. A. Moncrief, Fort Worth.
 Houston Hill, Fort Worth.
 Kirk Johnson, Fort Worth.
 H. R. Stroube, Corsicana.
 Ray L. Martin, Tyler.
 J. R. Hill, Fort Worth.
 Frank Phillips, Bartlesville, Okla.
 E. B. Reeser, Tulsa.
 Robt. R. Penn, Dallas.
 E. T. Moore, Dallas.
 E. A. Landreth, Fort Worth.
 Ernst Rubsamen, San Antonio.
 I. G. Hendricks, Odessa.
 Joe Pearson, Tyler.
 K. C. Baker, San Antonio.
 Earl Marsh, Fort Worth.
 W. F. Morgan, San Antonio.
 Loyce Phillips, Gladewater.
 Roy Westbrook, Fort Worth.
 Geo. H. Calvert, Fort Worth.
 W. M. Morgan, San Antonio.
 C. L. Morgan, Fort Worth.
 Gene Fitzpatrick, Fort Worth.
 Edgar J. Marston, Fort Worth.
 Ed. Hill, Fort Worth.
 Gaylord Chisum, Fort Worth.
 J. B. Parton, Shreveport, La.
 Grady Vaughn, Dallas.
 Geo. McCamey, Fort Worth.
 Harry B. Brown, Fort Worth.
 James Baldrige, Amarillo.
 Blake Smith, Mexia.
 John Sherrin, Amarillo.
 D. J. Edson, Tyler.
 Gene Peebles, Tyler.

Every independent oil operator and royalty owner in Texas who believes in and will support the above policies is especially urged to attend this meeting and take active part in the discussions.

You do not need a special invitation to attend this meeting. It affects your business and your assistance is needed to work on the problems that will come up for discussion.

E. A. Landreth, Fort Worth.
 E. L. Smith, Mexia.
 Roy B. Jones, Wichita Falls.
 E. L. Hunt, Tyler.
 J. D. Collett, Fort Worth.
 Frank P. Zoch, San Antonio.

Time—Monday, June 8th, 10 a. m.
Place—City Hall Auditorium, Dallas, Texas”.

Questions by Senator Moore.

Q. Mr. Todd, as Chairman of the the Texas Oil Emergency Committee, I assume that you have a record of the replies of members of the Legislature to your inquiry about this special session.

A. The secretary has them; yes sir.

Q. You don't have the information with you

A. No, sir; I don't.

Q. What per cent of the members of the House asked for the session—or what number?

A. My recollection is that there were either one hundred and one, or one hundred and two that replied that they would be in favor of a called session.

Q. For what purpose?

A. For the purpose of enacting legislation in the oil business.

Q. Did they so state?

A. I don't recall just exactly what they said in that matter. However, there was no attempt in the request mailed them to commit them to any type of legislation or kind of legislation.

Q. Can you furnish the Committee with a copy—a list of those representatives who asked for the session, and their replies to your inquiries?

A. I think I can. I can not do it immediately—this minute, but I think that we can do that.

Q. What per cent of the members of the Senate asked for the session, and did they indicate that they were in favor of the program suggested by your committee?

A. I don't remember that figure. I can mail you that information though, from the secretary's office.

Q. When can you furnish the Senate Committee with this information, and the copies of the replies?

A. I imagine you can get them—we can get them for you probably tomorrow, or the next day, just as quick as we can get them from Fort Worth.

Q. I would like to request, Mr. Todd, that you furnish this committee, for a matter of the record, the list of the members of the Legislature—both the House and the Senate, who were in favor of the session.

A. Yes, sir.

Q. And those who were opposed to the session. Those who didn't reply, and copies of the replies from the individual members, so that they can be printed in the record.

A. I will be glad to come as near complying with that request as I possibly can. I assume that can be done.

Q. I assume, Mr. Todd, you keep all the correspondence. I would like to have it for the record.

A. All right.

Q. That is all, Mr. Chairman.

Questions by Senator Woodruff.

Q. Mr. Todd, what is your official capacity in connection with this movement for legislation?

A. I am only chairman of this Texas Emergency Oil Committee.

Q. Mr. Todd, do you know of any source where the information could be obtained as to what the total storage capacity for oil is in the United States at this time?

A. No, sir; I don't.

Q. Do you know what the total storage capacities of the several so-called major companies is?

A. No, sir. I haven't had any occasion for accumulating those figures; and I haven't done so.

Q. Do you know where you could get that information?

A. The only source I know of for getting that type of information is through the American Petroleum Institute. They publish figures regularly along that line, and those are the only figures I have ever come in contact with.

Q. Do you know what is the total amount in barrels of crude oil in storage in the United States today?

A. No, sir; I don't.

Q. Is there anywhere you could get that information?

A. I think you could get that information also from or through the American Petroleum Institute. They and the Bureau of Mines are the only two sources I know of to get that information.

Q. Will you get that information and furnish it to the committee, or if you can't get it, tell us why you can't?

A. I think I can furnish you statements by the American Petroleum Institute without any difficulty.

Q. Will you do that?

A. I will be glad to do it.

Mr. Roeser: Here is a complete report by the Bureau of Mines up to last month.

A. May I deliver this to the committee?

Mr. Roeser: Yes, sir.

A. Here is the information I think you want, Senator, and I will be glad to submit it.

Senator Purl: May I ask a question, Mr. Chairman?

The Chairman: All right, Senator Purl.

Questions by Senator Purl.

Q. Mr. Todd, do you know who the attorneys are in Texas for the California Company?

A. Yes, sir.

Q. Who?

A. Thompson, Knight, Baker & Harris, of Dallas.

Q. Thompson, Knight, Baker & Harris are the attorneys for the California Company?

A. Yes, sir.

Q. The California Company is a part of the Standard Oil, is it not?

A. Yes, sir.

Q. Mr. Rhodes Baker of the firm of Thompson, Knight, Baker & Harris, you selected to help draw your bill, didn't you?

A. That is correct.

Q. That is true?

A. That is correct.

Q. Yes, sir. That is all.

The Chairman: Any further questions you wish to ask Mr. Todd?

Senator Pollard: Yes, sir.

Questions by Senator Pollard.

Q. Mr. Todd, you stated this morning that Mr. W. B. Hamilton, formerly of Wichita Falls, was now operating in East Texas, and was living up to all proration orders?

A. So far as I know, yes, sir.

Q. He is a member of the Central Proration Committee?

A. He is a member of a number of those committees. I am not sure whether he is a member of the Central Proration Committee.

Q. There are two brothers in East Texas, named Jenkins, who are partners with him, are they not?

A. I am not sure; I have heard so.

Q. Isn't that firm one of the first operators of leases in East Texas to violate proration—that firm of Jenkins & Jenkins—and they have been running wide open since that time, and Mr. Hamilton has a third, or a fourth interest in the lease?

A. I don't know what his interest is in the lease, nor did I know Jenkins & Jenkins were violating proration orders.

Q. That is generally understood, isn't it?

A. I have heard so.

Q. You do know he is a partner with them?

A. No, sir; I don't know that.

Q. You have heard that?

A. No, sir; I don't think I have ever heard that.

Q. Did you attend the proration hearing in March of this year in Austin?

A. No, sir.

Q. Mr. Todd, without going into a lengthy questioning concerning the general condition in the East Texas field in regard to pipe lines connecting up with independent wells, will you please state the condition that existed prior to about twenty or thirty days ago in the East Texas field?

A. Prior to say twenty or thirty days ago, there were approximately one hundred eighty wells unconnected.

Q. Who gave you that information?

A. This information was given me by the Umpire at one of the meetings,—

Q. Yes, sir.

A. Yesterday morning,—

Q. These men were all independents, were they not?

A. I think so. I don't know of a single large company's well that was not connected.

Q. They are all broke, too, aren't they?

A. Yes, sir; and are still broke.

Q. And isn't it a fact that certain individuals representing themselves as brokers buying crude oil would approach these fellows that could not get connection and offer to buy their oil at twenty or thirty cents a barrel, provided they would get an injunction to violate proration, and deliver so many thousands of barrels of oil in twenty or thirty days?

A. I can't speak for others; but for myself, I have been approached by at least half a dozen on that same proposition, which I did not accept.

Q. Those brokers were delivering that oil to the common purchasers, weren't they?

A. I don't know who they were delivering to.

Q. That is the only outlet they had, wasn't it?

A. I presume that is where it went.

Q. It is common knowledge that the big boys were doing that?

A. It was so reported anyway. That was the conversation on the street anyway.

Q. Now, in the past two weeks, since this investigation started in both Houses, practically all those wells have been connected, have they not?

A. Yesterday morning, the Umpire told me that in the Longview area there were seven unconnected wells, and two of those they had not been able to find out who the owners were; in the Kilgore area, there were eight unconnected; in the Henderson area, nineteen unconnected wells, and six of those were dead, and would have to be put on the pump, and seven were in bad condition and were not being allowed to produce on account of mechanical troubles, and a few others were not able to perfect their titles.

Q. But at this time the common purchasers and also the pipe lines are in such a hurry to connect that it is reported some of them have two connections?

A. I have heard that report.

Q. They are hurrying over each other to connect up those wells?

A. Seems that way.

Q. So I presume there has been some good accomplished by this session of the Legislature?

A. I think so, provided they pass a law making it stay that way.

Q. Don't you think they—don't you think that this investigation has really encouraged those boys to connect up those wells?

A. I say they got in a hurry all of a sudden.

Q. We do need a drastic pipeline bill to continue that condition?

A. We need a good conservation act that can be enforced without undue delay.

Q. Yes.

A. We need a thorough definition of waste, and the proper authority appointed to enforce it; and we need strengthening of the ratable taking law, and we need even withdrawals. If you don't you won't have enough independent producers left in a few months to even get in a huddle.

Q. Isn't it your opinion that the present chaotic distressed condition in the East Texas oil market was brought about by selfish interests

who expected to buy cheap oil for storage?

A. I think any company that has the tankage, and funds, and pipe lines, will buy oil at ten cents, if they can get it for that price or less. I don't believe they will pay one penny more than they have to pay.

Q. Do you know of any independents, who, because of inability to get connections, have been forced to go into receiverships, or to sell their properties, in the last six months?

A. I have heard a number of them had to sell their properties at much less than they were ordinarily worth; but of my own knowledge I have not definite information on it.

Q. Do you know whether or not they passed into the bosoms of the big boys, or not?

A. I don't know, no, sir; I would not be able to tell you definitely on that.

Senator Pollard: That is all. Thank you.

The Chairman: Any further questions?

Questions by Senator Woodruff.

Q. Mr. Todd, in the definition of waste, would you include market demand as an element of waste?

A. I think you are either going to have to give your administrative officer or commission authority to use market demand, or you will have to give them something else. You have got to have a definite figure if you are going to do it ratably. They have either got to have market demand or some similar method to arrive at a total figure, before they can allocate in any definite reasonable way.

Q. The entire program being sponsored or advocated before the Legislature at this time is in the nature of an experiment, is it not?

A. Well, you have some experience behind you, of course. Additional new laws would be something of an experiment.

Q. You are hoping that the experiment will be serviceable and afford some protection to the independent producer and operator?

A. Yes, sir.

Q. Inasmuch as it is an experiment, and one which is fraught with difficulties and possibilities, tell the Committee whether or not you think it wise that if a law should be en-

acted, it should be effective from the date of its passage in due course until some fixed future date, we will say, the 15th of January, 1933, at which time the Legislature will again be in regular session, and could if the law proved useful, reenact the statute at that time? Do you think or not that would be a safeguard to the people of Texas?

A. I think that any law you pass should become effective immediately if it is to accomplish the good we think it will accomplish, and I see no objection to putting a stop or limit, if you will put it a year or two ahead.

Q. Well, would you say that a statute passed and made effective immediately by this Legislature to expire the 15th of January, 1933, which would give you approximately sixteen months to try it out, would be long enough to give any law passed here a sufficient trial to ascertain what its benefits or detriments would be?

A. I think you would definitely know what its defects if any there were, in that law.

Q. If it should prove beneficial and useful to the independents and the public generally it would be desirable to enact it?

A. It would, yes.

Q. In that case don't you think it would be better to re-enact the law than it would be to repeal a law that had turned out badly?

A. It probably would. I have no objection whatever to a limit being put on the length of time that the law shall be tried.

The Chairman: Does anyone else have any questions?

Senator DeBerry: I would like to ask some questions.

The Chairman: Senator DeBerry. I want to call your attention, gentlemen, to the fact that this witness has seven minutes left.

Questions by Senator DeBerry.

Q. Would you recommend a bill making one of the definitions of waste oil that is produced in excess of a reasonable market demand?

A. I think so, yes.

Q. If the bill did not have as one of the definitions of waste oil that is produced in excess of a reasonable market demand, and had only the

other definitions of waste that we understand as physical waste above the ground and that vague uncertain underground waste, do you think leaving out the market demand that the bill would go as far as you think it ought to go?

A. I am afraid it would not, for the reason that unless you have something in there by which your commission can start from I don't see how you are going to control the Commission.

Q. In other words, you are, —

A. You are without the mechanics to say how you are going to work it.

Q. You say you would have to do it directly or indirectly?

A. Yes, sir.

Q. You have to get to the thing, that is so you can shoot right straight at it?

A. You have got to give the Commission a way to do it, or let them take their own way.

Q. Have you read the Woodward bill?

A. I have gone over it, yes.

Q. Do you think it does indirectly what a bill would do directly that carried the definition of waste as oil produced in excess of the reasonable market demand?

A. I doubt seriously whether it does or not.

Q. You doubt whether that is in the bill?

A. Yes, sir.

Senator Hopkins: I would like to ask some questions.

The Chair: Senator Hopkins.

Questions by Senator Hopkins.

Q. I would like to ask you, Mr. Todd, inasmuch as you have very plainly stated that you believe the market demand feature should be in any bill enacted, do I understand you to say that a bill without would be more or less futile?

A. If I might suggest, you just had the Federal Court at Houston ruling that the Commission was doing something without specific authority. If you are going to leave it up to the Commission to pick something out, I think that you should add market demand, current consumption, or some figure to give a basis to start from.

Q. I understand you to say that you think a bill without the market

demand provision would be more or less futile?

A. I think you would get back into the court.

Q. Then it would largely follow, according to your deductions, that without market demand we need no market at all?

A. No, sir, I do not say that, that bill has some other features, just because it leaves that out there is no use in leaving the whole thing out.

Q. Why do you want market demand, would that stabilize the price of oil?

A. No, sir, I don't think it would have anything to do with the price.

Q. Do you think the power to regulate the production to market demand would not have any influence on the price?

A. No more than the amount offered for sale.

Q. If you believe the market demand feature is good for the production of oil and gas as a natural resource, do you believe that the market demand powers would be good in the regulation of the production of agricultural products, like cotton, wheat and so forth?

A. I am not familiar with the farming products.

Q. What is sauce for the goose is sauce for the gander.

A. I would not attempt to give my opinion on that, for the reason I have not studied the question of farm products, I have studied the oil industry.

Q. Would you advocate the additional powers being given to a conservation commission to control not only oil and gas but other natural resources of the State?

A. I think the question of whether you,—I think that any commission that undertakes to regulate the oil and gas sections of the natural resources ought to be given plenty of authority, sufficiently to do what you intend for them to do.

Q. Then do you think it would be good public policy to combine with their powers the control of other natural resources?

A. I doubt it.

Q. Then if the Woodward bill would contemplate a combined power to do that very thing, combining and controlling of other natural resources, would you then be in favor of the Woodward Bill?

A. Well, the oil and gas business is

a very large business, and any commission that undertakes that will have their hands full, and I do not think it would be wise to give them a lot of other things, because your commissioners who handle the oil and gas business are going to have to study that particular business and if you give them a hundred other things to study they may not learn any of them very well.

Q. Do you think they ought to have control of the natural water power resources of the State of Texas under their jurisdiction?

A. I doubt if they should.

Q. Are you and the Governor in accordance on that idea?

A. I have only seen the Governor twice and that matter was never discussed.

Q. And you wish to state that in your opinion, getting back to the market demand features, that it would have no effect upon the price structure of oil and gas?

A. That is my opinion. I think if you do not put the market demand in any bill you are going to have to give the commission some arbitrary power in setting an allowable for an unregulated pool, without a law I don't believe they can determine at what point an allowable will create waste.

Q. If a new commission is created, and given the powers as they would be given under the Woodward Bill as now formed, would that not create a situation that would give those companies who sought to violate the anti-trust laws an opportunity to shield themselves from prosecution under the anti-trust laws?

A. Not being an attorney I would not attempt to pass on that.

Q. You would not attempt to say whether or not the Woodward Bill would nullify the anti-trust law?

A. No, sir.

The Chair: The time is up for this witness.

Mr. Todd, we wish to thank you for coming here.

Colonel J. Lewis Thompson is the next witness.

Colonel J. Lewis Thompson being duly sworn, testified as follows:

The Chair: Colonel Thompson, please state your name, residence and your connection.

A. My name is J. Lewis Thompson, and at the present time I am residing in East Texas at Kilgore.

Questions by Senator Thomason.

Q. Colonel Thompson, do you live up in the oil field in East Texas?

A. Yes, sir.

Q. At what point?

A. At present I am residing at Kilgore.

Q. How long have you been residing in that territory?

A. Well, I was born near Kilgore and raised and lived there all of my life, that is in East Texas all of my life, and I have had a residence in Houston.

Q. Have you any holding in this East Texas Oil field?

A. My connection with the East Texas oil field came through the fact that my immediate family, my sister owned the old home place on which I was born, comprising about sixteen hundred acres, and when this field came in at the old home place on the 28th of December, I was there and I have been there since helping the family look after their interest.

Q. Have you been operating in that field?

A. Through my connections with my nephews, and Joe Weaver of the Weaver-Crimm Corporation. They have some seven or eight hundred acres of leases on which they are operating.

Q. How many wells have you there at the present time?

A. I believe this corporation is interested in eight wells.

Q. Eight different wells?

A. Yes, sir.

Q. Do you know the conditions as they exist today and have existed for the past several months in the East Texas field?

A. Yes, sir, in that particular section.

Q. Will you detail to the committee in your own words all of the conditions as they exist in that field today and have existed since that oil was discovered there, or since you went there, as to the relative amount of oil, the condition of the field from the standpoint of waste, the condition,—I want you to tell who opened up that field, whether the major companies or the independent companies or both, and the operation by the major companies and the independent companies, and also tell whether or not you think that field has been conducted in an orderly way, if not tell why you

think it has not been conducted in an orderly way. However, before going into your general remarks I want to ask you if you know anything in particular about the oil business?

A. No, sir, I never had any experience with the oil business until this field was discovered and in six months time I have learned very little about it.

Q. I want to know if you know anything about and believe in conservation?

A. I told the House the other day that I was a conservationist by instinct — —

The Chairman: I have a message that the committee ought to hear, dated Tulsa, July 30, with reference to the refusal of Harry F. Sinclair to appear before the committee.

(Thereupon, the Chairman read the telegram to the committee.)

Senator Pollard: I made a motion this morning, pending the arrival of the letter I will not make a motion, but I think we should ascertain the chief official or executive of his company in Texas and have him here by all means. I will not make the motion until his letter comes.

The Witness: I made the statement in the House the other day to the investigating committee over there that by instinct, by education and by long years of experience that I have believed in conservation. I believe in conservation of the soil, I believe in the conservation of the timber resources, I believe in the conservation of fish and game, I believe in the conservation of our water resources, and I believe above all the conservation of human life.

Q. You have had a great deal of experience in the lumber business, have you not?

A. All my life, for forty years, I have been connected with some lumber organization.

Q. Do you know the result of the lack of conservation in the timber and lumber resources of Texas?

A. Well, I think that it is very apparent to all of us who have lived in East Texas, and when you and I were young men or boys we often heard the big lumber operators say that we would have timber resources that would last forever, that Texas would always have timber. Today, and we are not old men yet, we have

seen that timber disappear, and if you can point me to a virgin forest in East Texas I would be glad to go over there and look at it as soon as this session closes because I would like to see another virgin forest.

Q. Now, Col. Thompson, you are a natural born, thoroughbred Longhorn from East Texas.

A. Yes, sir.

Q. I want you to tell in your own East Texas language the condition in the East Texas fields.

A. I was born in East Texas. My grandfather and my father came to East Texas in 1840. My grandfather settled that section of the country along with many others. He first purchased ten thousand acres of land in East Texas and I would say about forty-five hundred acres of that is still in the possession of the members of his descendants, and it has never passed out of the defendant and is still in the family. All of that ten thousand acres is now proven territory with oil production, in the production area. My particular family, my sisters' interest was leased to what you call wild-catters, an independent by the name of Bateman, and I do not believe the well would have come in,—Ben Laird, my cousin, told me that he had a contract to haul the machinery out to where the well was to be placed and where the geologist made the location, and it rained before he got it out there and it got so bad that he broke down his wagon and they dumped it off along side the road in front of our old yard, and so they said "we will just drill it here," and that is the way the Bateman well was found, and Ben Laird does not think that you need any geologist there, that all you need is to break down your wagons to locate a well. That field has proven he is pretty near right, wherever you drill you bring in a well. Now, my sisters' holdings went into this pool, they received nothing for that, just their royalty interest. They got nothing out of that, and Bateman afterwards sold this lease to the Humble Oil Company and they own the major part of the Kilgore pool, or the central part of it. I don't know what acreage they have. I only know what this original lease carried. I think that was some sixteen or seventeen hundred acres.

The main thing that I have seen up there that mitigates against the home owners,—I have no interest in this field, whether the independent oil operators, or whether the big company operators,—they do not interest me one way or the other, I am not interested in them because I think they can take care of themselves, but what does interest me is these home owners who live there, who have always lived there, and who is going to have to live there after this field is destroyed. They were not getting what I thought was due consideration, their heritage was being destroyed by this great drill-in campaign that started up there. While that drilling campaign was so intense I don't know, unless it was just because it was another new oil field there.

That is best illustrated by a story one of them told up there the other day about an oil man having a dream and he went up to Heaven and St. Peter told him that he couldn't get in, that there wasn't any more room up there for oil men. Well, he studied a while and being a prolific scout he concluded he would send a message in and he asked St. Peter "Would you carry a message in to some of these oil men," and St. Peter carried this message in, "There has just been a new oil field discovered in Hell," and it wasn't but just a little while that all of the oil men left Heaven and went to the other place, and so he went inside and stayed there and he didn't see anybody to associate with and he finally said "I had better go down to see about that, there might be something to that rumor after all." That may be a little by-play here but that is pretty near the situation up there in that country. These companies have carried on such a drilling campaign and these unprotected people have had nothing to say about this drilling campaign. They didn't know anything about the business in the beginning and they don't know much about it now. I have been around oil fields all my life but I don't know anything about the oil business, I was in another business. I have associated with oil people. So these people were of the opinion that they were protected by law and that their property would be protected.

Senator Thomason: What people are you referring to?

A. The home owners. They are the only people I know of there. I don't care anything about these newcomers unless they are going to live there and become citizens. I don't care anything about them. They don't interest me at all. The people from Oklahoma that come in there and buy a lease of ten or twenty acres and are going to drill that and move out, if he doesn't move his family down there, he doesn't give a continental whoop about what becomes of that country. Those are the kind of people I am talking about. It might be the Sinclair Oil Company, it might be the Humble, it might be the Gulf Oil Company, or it might be some individual operator, but they are all in the same class insofar as my opinion about this condition that is prevailing up there is concerned. I don't think they have got any right to come there and drain the land under our leases, drain the oil from under our leases and run five to ten thousand barrels of oil per day when our people are trying to believe in the orders of the Railroad Commission, believe that that they are protected, and they only run two or three hundred barrels a day, when they have got just as good a well as the offset well is. In the Weaver Crim Corporation,—I will use that for illustration because that is the only one I know anything actively about, representing my nephews in that corporation,—they have not drilled a single well that was not an offset well. They have no desire to drill on the present market, believing they would rather hold the oil in the ground until they can get a better price for it. Most of these offset wells were drilled and most of them were run wide open, and we had no pipe line connections—

Q. (Interrupting) How come you do not have pipe lines?

A. We were refused it.

Q. By whom?

A. By the Gulf Oil Company, the Gulf Oil Corporation. That was on the Ben Laird lease. But while the Gulf was running wide open. They were running open to protect their lease which was the Birdsong lease from a man by the name of Werby from Oklahoma who only owned a ten or twenty acre lease with two wells on it, and he was running wide open, had a contract for oil, and while we

were nearer to the Gulf Company and asked them to give us a connection they refused to give the Weaver-Crim Corporation a connection, and they did connect with Werby and Werby was violating the proration orders. Now, that seems to me unfair. Over on the Dave Laird lease, we sold that lease to the Houston Oil Company, but on account of litigation that sprung up that we didn't know of,—we thought the title was good and clear until we went to deliver the lease and found out there had been suits filed against everybody connected with it. Then the Houston Oil Company declined to take it. There were two leases involved in the transaction and they did take one of the leases and turned back the other. Now, three wells were drilled on the Dave Laird lease. Eddie Jones had drilled and was running wide open on a twenty acre lease against our forty acre lease, and forced us to drill three wells there. Eddie Jones and Houston Oil Company together owned it, and the Houston Oil Company operated it. The Gulf Pipe line connected when we sold this lease and when they turned it back on us they did leave us that connection. The other lease we finally got connected with the Magnolia, but we had to go clear across the lease to make the connection.

Now, those are the conditions. I have just stated one instance. Everybody that is operating in that field up there, the little operators, are having that same experience that I have related here. Not with the same people; it might be the Humble in another case, I don't know about that, or it might be the Magnolia.

I have heard some talk about some of the other companies refusing connection, but this is the only instance that I have direct knowledge of. I am not concerned about any law except one law that will make everybody do the same thing, I don't care what—you can talk about your Woodward Bill or this bill or that bill; I don't know anything about price control, but as far as I am concerned I want a price for the commodity, and I want a big price for it, because that is the only thing that is going to save this country and save the situation in East Texas. I love East Texas; I have never invested a dollar anywhere else except in East Texas; I have made plenty of money

there, and I have lost all I have ever made there, and I am still there and I am still for East Texas; and, Senator Thomason, I believe if the laws that we have on our statute book had been enforced, I don't believe this session of the Legislature would be down here now. I think it is the lack of enforcement of the law. Now, who is responsible for it, it might be the Railroad Commission, it might be somebody else; I don't know. But I think that if we need a new law to give an enforcement of it and preserve the heritage of those people, I say give it to them, but give them a law that will operate all over Texas alike.

Q. All over Texas?

A. Yes, sir. East Texas isn't asking for any special favors; we never have. Somebody asked me over in the House the other day, "Haven't you got enough out of this oil; don't you think it is a Godsend? Don't you think you can live off of it?" I said, "Well, we lived over there before we got it, and I guess we are going to live after it is gone, because anybody can live in East Texas if they've got any energy at all." I don't know whether I have covered this situation like you have, but another thing that has been overlooked in all of this: I want you to understand that I am a conservationist and not a confiscator of property; I don't believe in confiscation of property; if I did, I would go right on to Russia right now; and I believe that is what is going on up there in that oil field, that some of the stronger are taking it away from the weaker, those that haven't got protection. I don't believe in confiscation of property, and I believe that the situation that is—if we could drive a slab right down thirty-seven or thirty-eight hundred to five thousand feet deep and keep that reservoir down there, then I think this fellow on that side of the slab that owns land would have the right to take his oil, but I don't think he has a right to drill for oil and take five thousand barrels on a ruinous price just because he has got a pipe line and got a refinery and got a market for his stuff; he hasn't got a right to take it, Senator, I don't think; he hasn't got any moral right, any more—(answer interrupted)

Q. You don't subscribe, then, to the theory that is advocated by the President of the Gulf Production

Production Company here yesterday or day before yesterday stating that he was entitled to everything that was under the lease or under the well that he started or under the lease that he owned, regardless of whether it came from the other fellow's land?

A. Well, I didn't hear him make that statement, but if that is his idea I don't subscribe to no such theory, because I don't believe I've got a right to go and rob your hen roost if can reach over there off of my property line and if I've got a stick long enough to steal chickens off your roost; I don't think I have any right to do it. And that is what they are doing; I think it is plain stealing, that is what I think about it; I think it is legalized stealing.

Q. While you are speaking of law, do you believe that there should be a law enacted by this Legislature making it so that it would be impracticable if not impossible for the man owning a lease who is more able than somebody that owns an adjoining lease to drill a well close enough that he will drain out out from the other fellow that is not able to drill for oil on his smaller tract?

A. I surely do; I believe in that kind of legislation.

Q. Isn't it a fact that the little fellow in that pool up there has no chance at all by virtue of the fact that larger tracts are owned by the larger companies and that the larger companies drill their wells as close as possible to the line for the sole purpose—they drill those wells first and drill in the center of their holdings last and that they drill those wells for the purpose of drawing the oil out from their neighbors' land and the neighbors are usually small fellows that can't protect themselves?

A. No, I don't believe that, not if I understand the question. I believe some little fellows have come in there and got leases and wanted to develop their stuff and get it fast; they think they are smart. They say, "We are not going to live here; we are going to operate this and when another field is discovered we'll go there." I know a Jew from Oklahoma by the name of Werby that came there and got a lease and drilled two wells in a hurry. The posted price then was 67c. He made a contract for 35c. One-half of the

oil he was selling was somebody else's oil and he was getting 70c instead of 67c. Now, he was not a big operator, and I doubt whether if we sue him,—and that is what we ought to do and probably will do,—he will be gone back to Oklahoma and won't have anything and we can't get our oil back,—he has already taken it. I believe one-half of that oil belonged to our lease; that is my idea about it. I do not know whether the law will back me or not, Senator, but that is what I think. I think the small operators,—some of them,—have been the worst violators; that is my idea about it; they have gone in there and gotten these small leases and drilled wells and do not have anything to pay for it. We have not paid for those wells, we have yet and we have got eight of them; I guess they will be paid for some time. But I mean that that is the condition that prevails all over that field. There has been something like twelve hundred wells brought in over there. Now, these big companies, the most of them,—I will say this for them,—that most of the big companies have never drilled any wells that they were not forced to drill, that has been my observation of them. There has been offset wells,—the little fellows offset them and then they have drilled to protect their leases.

Q. The big companies also have followed out, as a rule, the orders of the Railroad Commission, have they not?

A. That is my idea about it. I do not know of any of them that have violated them except where an offset well was draining oil, whether they had permission to do it or not I do not know. But all I know is that the umpire did not give us permission to do it. The only case I know of with my own eyes would be the Houston Oil Co., and the Gulf Co., offsetting the Werby well.

Q. Did you or not think the field is taking too much, and has been taking too much oil?

A. Oh, I think it has been just ruthless waste. Now, I am not an oil man and do not know how to express it, but I do know that I remember in times back when we sawed timber, you would go into the forest and you would see ruthless waste everywhere you went, and the mill operators were doing then what

I think the oil men are doing now; they did it to East Texas and I think it is just repetition of it. We saw it, you saw it, and I saw it,—saw these big operators come from other sections of the country, come out there and buy this timber, build their mills, destroy the timber, carry the proceeds out to another field; some of them retired from business and carried it to Chicago, carried it to Kansas City, or carried it to the Pacific Coast. That was their business and that is the oil man's business. When he gets through with this field at Kilgore and Longview and Henderson what is he going to leave? He is going to leave tumbled down tracks, grass covered slush-pits for these people to look at and say "What might have been."

Q. Now, regardless of the fact that you and your people and your friend and your friend's people over there in East Texas have holdings and their life interests there, you do not subscribe to the idea that a law should be passed taking the individual hole as a unit, or individual wells as a unit, or the individual pool as a unit, but that a law should be passed for the entire State of Texas; is that your idea?

A. Well, I do not know whether I understand you, Senator Thompson, I understood you to say a while ago—(Question interrupted).

Well, I mean any law that operates in East Texas should operate in West Texas.

Q. Well, that is what I mean.

A. Yes, that is my idea. I do not think it should make any distinction. I think the merit to a practical working out of this law would take practical men to figure it out.

Q. You think that in giving West Texas its equal share of the takings of the oil, you would force East Texas to a proper conservation?

A. That is right.

Q. And give you a longer life in the oil business in East Texas?

A. Yes, sir; I believe that, yes sir.

Q. That is all the questions I have.

The Chairman: Senator Woodruff.

Questions by Senator Woodruff.

Q. You are the same J. Lewis Thompson that commanded a company of infantry in France during the war?

A. The same, Sergeant.

Q. Are you still insisting on collecting that two hundred francs you loaned me in 1918?

A. I will let the Sergeant answer that.

Senator Woodruff: That is all.

The Chairman: Any further questions?

Questions by Senator Greer.

Q. Why wouldn't you take that oil—say, for instance, you would limit each well to 100 barrels—why couldn't you take a tract of land, say owned by ten parties—why couldn't they agree to drill one well and let it produce the same amount as ten, and thereby reduce the drilling cost. Wouldn't that enable East Texas to produce that oil cheaper, and get more profit from it?

A. I don't think it is a question of how cheap they can produce this stuff. I think it is a question of producing so much of it that they don't get any price at all for it. In other words, I think this—I am not an oil man, I want you to understand that; get that clear—if I was going to find out about the way to do it, I think I would want, regardless of what Ben Laird said about these geologists, I think I would want to consult them, and some of these engineers, like Foran, for instance. He may be a geologist and an engineer both; all I know about him is he made the most practical illustration of what is under the ground I have ever seen, and I believe he gave an illustration there that we can all understand, and I think his theories were correct. Now, about making a law, as I understand you—if you, and I, and Sergeant Woodruff had three tracts, your idea is to drill one well on the three tracts and pool the interest.

Q. Yes.

A. I would favor that if that could be done.

Q. Have less drilling and get more money for it?

A. Yes; have some practical man drill it. I would like to say something about the conservation of these lives up there before we leave.

Q. All right.

A. There has been so much said here about conservation of oil; and it looks like we have overlooked the human lives lost up there. As I understand it, there has been some-

thing like sixty lives burned to death up there, and very little said about it here; but in nearly every instance those fires have occurred, they have occurred from negligible causes. One fellow wanted to take a picture. He was promoting an oil company, and he wanted to take a picture of a gusher, so he could sell his stock. He was not in the oil business; but in the stock selling business. He paid the penalty; he has already gone to the Great Beyond. There are other cases. Another case is a pipe line run across—I don't know whose company it was, but they took second-hand pipe and run it through the woods. A woman with four children came to this great oil field to make a living. That pipe busted or broke. If they had had good pipe, that woman and her four children would be here today perhaps, but what happened? They all burned to death, burned to a crisp—two of the children burned to a crisp before they could get them out. Five people burned to death there in short order. Those are things that ought not to happen. There have been more lives lost over there in this short length of time, and all from lack of proper operation, than in any two years prior to this time, either from epidemics or other natural causes.

Questions by Senator Neal.

Q. Colonel Thompson, you have been a member of the Legislature previous to this, have you not?

A. Yes, sir; I was a member of the 36th, 37th and 41st Legislatures.

Q. Granting all you say is true regarding the loss of lives over there, what can the Legislature in your opinion do about it?

A. Well, I think, Senator, if you will pass a law enforcing proper operation, like the State Board have enforced it with us in the sawmill business, if our machinery is not properly installed, they come around and shut you down. Now, if you don't properly bring in an oil well, shut them down. You have got Rangers and the Texas National Guard. You can declare martial law. There are lots of ways to enforce the laws. My understanding from our oil men is that if they would carry out the present orders

of the Railroad Commission, that some of these fires would not have occurred at all.

Q. Do you believe that we should have a new and separate Commission to administer oil and gas conservation laws, or that the present Railroad Commission with its numerous duties is sufficient to administer these laws?

A. Having served under Governor Neff, and being loyal to my previous commander, I think maybe he has given a description of the present Railroad Commission.

Q. Would you recommend that the market demand be taken into consideration in the drawing of a new bill?

A. If that will give us a dollar price for oil, I would say put it in. I am for anything that will give us a living price out of the oil, and I think that is what you ought to be for, because that is what we want our people over there to get.

Q. You say you are from East Texas, Colonel Thompson, and I know you are—do you feel that you voice the sentiment of the majority of the people—the home owners of East Texas, in advocating at this time conservation measures for oil and gas?

A. I believe, Senator, that those people who have lands in productive territories, that I voice the sentiment of practically all of them that have lands in productive territory.

Q. Granting that these oil companies, be they little or big, are the pirates you say they are, and are taking your oil without consulting you about it, what can we as members of the Legislature do about it, towards stopping such an imposition on you?

A. If I have a well here, don't let this fellow over there take any more oil out of his than I do out of my well; and I want it enforced, too.

Questions by Senator Small.

Q. And you think a large number of these lives over there have been lost due to the haste, eagerness and greed with which that field has been developed and handled?

A. Senator, I think that has had lots to do with it, on account of just letting anybody drill a well—the demand for drillers and operators, and carelessness, I think that would al-

ways follow where you have waste.

Q. And your main interest in appearing here as a witness is in behalf of those people over there who are rightfully entitled to have a heritage that would last for generations to come, and that heritage you think is now being dissipated at prices ruinous, and the field will be exhausted, and those people left poor, instead of getting the benefit of resources that would make them independent for generations to come?

A. Yes, sir; that is my main interest.

Q. What would you think about closing these free bridges up there towards Oklahoma until we would have time to shake those fellows down that have been selling that oil over there?

A. I would probably be in favor of that, too.

Q. (By Senator Pollard.) Do you think if we closed down all the fields in Texas, they would pay more for the oil at this time?

A. I think if you were to close down that field in East Texas they would pay more. I think that would be the economic result.

The Chairman: Any further questions? If not, the witness will be excused.

(Witness excused.)

The Chairman: The Chair has a telegram here addressed to Harry Sinclair, Tulsa, Oklahoma, and Mr. Sinclair's reply.

Senator Purl: Do I understand that you sent him a wire and he sent a message back stating he would not come?

Senator Woodward: Maybe if we would grant him immunity from being put in jail for refusing to testify, he would come.

Senator Pollard: Let's read his telegram.

Senator Purl: I think before we read it, we owe something to ourselves. I have no desire to dignify or honor him by putting what he said in the Journal.

Senator Woodward: Let's read it.

The Chairman: What is the pleasure of the Committee?

Senator Woodward: I move it be read, and made a part of the record, and printed in the Journal.

The Chairman thereupon read his telegram addressed to Hon. Harry

Sinclair, Tulsa, Oklahoma, dated July 30, 1931, and the reply of Harry Sinclair to same, being as follows:

Austin, Texas,
July 30, 1931.

Hon. Harry Sinclair,
Tulsa, Oklahoma.

You are requested to appear before the Senate State Affairs Oil Investigating Committee this afternoon, July 30, 1931. Please appear without fail.

JOE MOORE, Chairman,
Senate State Affairs Committee.
Honorable Joe Moore,
State Senate,
Austin, Texas.

Your telegram asking me to appear before the Senate today just received. It is impossible for me to reach Austin today by any available plane. In the absence of this opportunity may I submit the statement of my views in connection with the effort you are making to formulate legislation having as its object improvement of conditions in the oil industry.

That there is room for improvement, everyone will agree. Differences begin to develop as soon as any group of men, whether they be legislators or oil executives, attempt to write the prescription that is to cure our ills.

You must have been impressed, as I have been, with the failure of previous attempts at regulation by law. The argument that we need more law does not seem altogether sound. I am rather of the opinion that what we need is better administration of the laws we have and more restraint and better business judgment on the part of those engaged in the industry.

You are called here to enact new legislation because many people are dissatisfied with certain economic conditions. Have we any experience which teaches us that economic conditions can be changed by law? I know of none. I know only of a long history of failures in such attempts, the latest one being the effort to "prorate" the production, marketing and price of wheat.

Looking to the oil industry, the picture is one of over development and demoralization. Starting with the battle cry of conservation, we have wound up with futile and mis-

directed attempts at this thing called proration.

Has stability been achieved? Has order been established? Has over development been stopped? Is the producer or the State getting a fair return? The answer to all of those questions is, No!

I have read several of the measures that are proposed for adoption here, but there are so many of them and they vary so greatly that it is impossible to discuss them in detail even if I were disposed to do so. I can deal only with general principles.

One of the most persistent ideas expressed in these bills and reiterated by some of the witnesses who have appeared before you is that a commission—new or old—should be given sweeping power to exercise its own arbitrary judgment as to the production of oil, not only as to the total allowable but as to the allocation of production as between fields.

I am opposed to such a procedure for the reason that it attempts to overcome the natural advantages of one field as compared to another; because it empowers a commission to destroy property rights; because it could be and has been used to perpetuate the advantage of one producer as against another; because it is artificial and arbitrary; because it would substitute political and theoretical control for the free play of the forces that always have, and I believe always will, control the production of such a commodity as oil.

It is quite a different thing to empower a commission to fix allowable production in accordance with the actual market demand for oil from a given field not an arbitrarily determined market demand based on the nominations of pipe line companies, but the demand that arises from the desire of a willing seller to dispose of his product to a willing buyer.

In my opinion, one of the things that caused the breakdown of what is termed proration was the attempt to force the taking of oil from certain fields to the disadvantage of other fields. This attempt is bound to arise because naturally those who have developed and made a big investment in one area will seek by every means in their power to prevent some other area from taking the market. This is neither fair nor reasonable—the buyer should be free to go where it is to his best

advantage to go. There was no justice or reason in attempting to deprive East Texas of a market which belonged to it by reason of geographical location of the field and the quality of the oil produced there. If a customary or pre-existing source of raw material supply suffers by the discovery of new sources, there is no sense in attempting to overcome this natural law and normal development by restrictive laws or orders.

The State of Texas already has a statute prohibiting waste. If there are not adequate means for the enforcement of this law, I believe it would be wise to provide the means for effective enforcement.

The State of Texas has a common purchaser act which requires ratable taking and prevents discriminations as between the properties of owned or affiliated companies and others not affiliated with the common carrier. This, too, is a good law which should be enforced.

If both of these laws were in effective operation, what more could be done or should be done to bring order in the oil industry?

The answer is that we should stop the drill! There is nothing in the bills that I have read that goes to the real evil of the present situation. Not only is this true but in the orders that have been issued recently affecting East Texas there is actually a premium put upon over drilling. Slow up the drill and you have solved the problem of over production! Continue to permit over development and then seek to dam it up by law, and I believe you will continue to meet failure in your efforts toward conservation! Some applications of unit operation contain far more promise of success than any effort based upon the fixing of imaginary potentials of production with arbitrary allowables based thereon.

To sum up my views, I am in favor of the elimination of waste in the production of oil; I am in favor of the determination of allowable production in accordance with market demand, providing market demand is not arbitrarily fixed to favor one field as against another. I am against conferring arbitrary powers upon any Commission for the purpose of attempting to enable any body of men to overcome economic laws and the natural, normal trend of

the production of oil. Such an attempt in my opinion, is foredoomed to failure.

H. F. SINCLAIR, Chairman,
Sinclair Consolidated Oil
Corporation.

The Chair: The next witness is Mr. Joe Danciger of Fort Worth, called at the request of Senator Parrish.

Mr. Joe Danciger, being duly sworn, testified as follows:

Senator Parrish: I do not have any question to ask him, I just wanted him to make his statement.

Mr. Danciger: I simply requested Senator Parrish that I would like to make a statement. I feel really that it was my duty to come down here and try to give you such information as I have gathered regarding the manner in which proration operates and how it affects the producer, and then you will be, I believe, in a little better position to know just what to do about it. All I can tell you is how it affects us. Now, in the interest of brevity I have made some notes, a little statement, and I will read part of it and then explain it the best I can.

Before I start on this statement however I think that in justice to myself, and everyone, in order that they should get the proper slant on my position with reference to proration, you should know just what has happened to me. About a year or a year and a half ago out in the Panhandle we were producing about four or five thousand barrels of oil a day. One morning the Humble Company decided to cut us off. I inquired as to the reason, well, they said they had enough oil, and I told the young man, Mr. Lowe, that they had promised to take our production, and not only promised to take what we were running but had promised to take the production from wells we were about to bring in. He said he was very sorry but he couldn't do it. I told him what an embarrassing position we would be placed in, but I could not get him to do anything. I believe I called up the office in Houston, anyway I did all I could, and I was more or less frantic regarding the situation, having a lot of production and being suddenly

cut off. Well, I was finally successful in getting the Bell Oil & Gas Company to lay a line through the field and agreed to pay them a pipe line charge in order to ship that oil out, because they had a partial line already laid and were in a position to load this oil out and get rid of it for me. I have found in loading oil out that way I had to take a little less than the posted price. I do not like that at all, I didn't feel I was doing my business justice, and as a matter of fact, every operator dislikes very much to do that, to sell his oil for less than the posted price. We finally decided to build a refinery in order to handle that oil, so we not only get the posted price but possibly make a profit on it. We succeeded in doing that, we succeeded in keeping this oil off the market, not only getting the posted price but making a little profit. We ran along for awhile and then proration came along, and the rule was that we could run only twenty-five per cent of the oil we produced to that refinery. There it was, in one instance we were cut off from running oil and in the other instance, after we had arranged for a pipe line and built a refinery, we could not run our oil. The result was we went into court to see if we could be imposed on in that manner. The result was, not in our particular case, but in a case involving the same facts in the Federal Court a few days ago, in the case called the McMillan case, I believe, that the very principles involved in our case were upheld by the Federal Court, and they said we had a perfect right to run our oil and that proration could not be legally enacted or enforced against us. I felt entirely vindicated in going to the court and after that Mr. Landreth called me a very strong name. He says I am an illegitimate operator. An illegitimate operator for doing that. I don't believe there is a man in this room who works in the interest of his business or his family that would not have done the same thing that I did and I don't think he should have been called if he did that an illegitimate operator. I think he was a legitimate operator.

Now with reference to this statement, I will try to explain just how proration worked. I start off:

How can the independent oil producer expect to exist when under proration his production is limited, the price is cut to almost nothing while his competitors, the major companies, with enormous financial resources can drill any number of wells they wish and on a basis of their inflated production, through both actual and fictitious potentials of their wells can regulate the amount of oil the small operator can produce, and at the same time fix the price the independent producer is paid for his product?

In other words, there is no restriction on drilling, they can drill any number of wells they want, and prorate you on the basis of their commercial crime. If you want to call it that, their overproduction, they can reduce your allowable. I mentioned a fictitious potential, I want to explain what I meant. For example in the Pecos County field they claim after gauging those wells for a few hours, that they have a production there of three million five hundred thousand barrels, and the testimony of the Umpire, I understand showed that it could actually produce eighty-nine thousand five hundred barrels without the wells being impaired, or without them possibly showing water, and that really should have been considered, in my opinion, and not the potential production of that field.

Now I want to illustrate what that does to the independent producer. In the meeting they had here, when they first promulgated this proration scheme, they said we have got lots of oil, we could practically flood the market in Pecos alone, we have three million five hundred thousand barrels that we could turn loose, you fellows better prorate, and it looked a whole lot like that, but here is the effect it has on the public and the world at large; whereas that throws a tremendous amount of production and it naturally depresses the price. For example, if the Government would report the cotton crop, or the ginning report was to show thirty-five times as much as the actual production of cotton was you can see how it would depress the price of cotton, and that is the same thing under proration in this oil business.

They say they have these tremendous potentials and they haven't got them, they are fictitious, they are exaggerated, they are fanciful, and as a result we are working under a load that is too heavy for us. I have tried to explain my point there.

Under the present system, these big producers, the major companies, with the full consent and permission of the railroad commission of the State of Texas, I do not make that statement derogatory of the commission, however, it is a fact, they are allowed, these purchasers, they are allowed to nominate that they will run only twenty-five or fifty per cent of the oil produced in some fields, while they develop new fields and build new pipe lines, as they did in Hobbs, New Mexico, and where they have the majority of the leases, as in South Texas, they may nominate they will run fifty per cent from such fields and at the same time they will fill the country with foreign oil. No independent producer can exist when they simply develop without limitation and they nominate how much we can produce. In other words, proration does not affect them in particular, because they can get oil from various fields, and foreign countries, and they have got us tied to a post, they have got us prorated. They do not feel these things under proration, and the independent producer cannot even exist under proration. Surely by this time it is clear there never was good faith on the part of the major companies in the whole scheme of proration. Unless there is some degree of honesty and fairness in a trade it is a bad trade for the unprotected. The reason I say it is not in good faith, how can it be with that fictitious potential; how could it be good faith when they keep on drilling fields there was no necessity for developing, and how can it be good faith when they run new pipe lines for which there were no necessity for running? I say, gentlemen, it was not good faith.

Under proration while the production of the country declined about several hundred thousand barrels per day they cut down the production all right, these major companies who are quick to take advantage of their competitors' distress, arbitrarily cut

the price nearly in half, even before the East Texas field was developed. Proration did not help the price there. They made no excuse for cutting the price. There was a little producer in the Panhandle, O'Donohoe I think was in on it, they had set their casing on a well there and they couldn't shut it off because they didn't have a good seat for the casing and they had to let it run full, of course, that well was not prorated, and I am sure they had to sell a little oil under the market, possibly five to ten thousand barrels per day for awhile, and I think they used that as an excuse to cut oil everywhere. It should be remembered that when proration was first proposed the representatives of these major companies in open meeting gave the independent producers, — — I think that meeting was held in this room, or in the House of Representatives, — they gave the independent producers mostly assurances that the price would be improved or at least stabilized. They gave us that idea, and indicated that useless drilling would naturally be eliminated. That was not a correct principle, anyway the trade could not be fair unless that was done. Proration has proved to be no more or no less than a gigantic confidence game worked on the independent producer, and which if continued will give the major companies a complete monopoly of the oil business which they seek. Their object is to leave practically nothing for the small man that actually produces a well, while they appropriate the market to their own uses and benefit. You see the small man that produces in small places does not produce a great deal of oil from the field, he has no pipe line outlet but they insist that he be prorated. This proration will affect the small independent in this way, it practically robs him of his right to contract. Suppose a little independent had some production and a fellow came along and wanted to buy it, he says well I can furnish you twenty barrels a day or a hundred or five hundred, well, the purchaser may want fifteen hundred barrels a day, and he may have it, yet he cannot contract to deliver it, but the big producers can get that business very easily, because in some

fields he nominates he is going to take a hundred per cent from a well in a particular field, and a little producer is restricted to twenty-five per cent.

They appropriate these lines to their own use and benefit. That has already happened and it is only reasonable to believe that it will continue under proration unless some act of providence has injected a large measure of charity in their hearts,—a larger measure than has ever been known to exist. It is futile to ask for fair play, much less charity, from these major interests who seek only absolute monopoly of the oil business and the complete elimination of the independent producers, independent refiners, and independent pipe line owners. This looks a whole lot like a squeeze play to me, and that view is shared by a whole lot of others. Now, to give you an idea. Of course, oil in East Texas is selling at a low price; they are entitled to buy it at a low price the same as anybody else,—I mean the major companies, but 'way out here in West Texas, six or seven hundred miles away, they cut the whole thing. They had it in their power to do it, but whether they were not taking an undue advantage, inasmuch as they had been taking oil from those people for years, and their pipe lines connected with the wells, and so on, is a question in my mind. I think it was taking an undue advantage of them, and the reason I think it was, and the purpose that I think was involved in it, was to create such a distressed condition that it would influence the Governor in calling an immediate special session of the Legislature for the purpose of not conserving a thing but of putting through a proration bill in an attempt to finish up the independent producers, the independent refiners and the independent pipe line owners. That is my candid opinion, and it is not alone shared by me. For over forty years the oil industry, including the independent producers, and independent refiners, have prospered under the law of supply and demand, and proration is only a disease of the commercial body of the oil industry which if not eliminated will preclude the public from participating in the oil business. Proration sounds reasonable, but with insincerity, deceit, and double-dealing, it is worse than a failure. By insincerity, I mean when they said they

would prorate. Sure,—you regulate your well to a hundred barrels, and we will regulate ours to a hundred barrels and then they go down the road and drill it up in another field. Is that sincerity? And I might include the word deceit, and also include double-dealing, when proration does not affect them, but only affects the other fellow. That is not a fair trade. Those who believe that under proration the price will improve are showing a measure of optimism not at all justified by what has happened in the past, and that is about the only thing we have to judge from. If the major companies wanted to, they could at this moment raise the price of oil and gasoline to at least cover the cost of production and refining, but they are not ready for that until they fill their storage with cheap oil. That is the usual thing. That may be all right under competitive conditions, but under proration it is not, because they restrict you. We can't say they haven't the right to buy cheap oil as long as they give the other fellow the right to sell and handle his production, but under proration when they keep his production in the ground and then pay nothing for it, that is not right. Under proration, the independents simply put their heads in a noose in the vain hope of better prices, while in reality, he is only entering an agreement to restrict his production while the major interests take practically the entire oil market and enslave the independent ever afterwards. Since there is no measure of fairness or equity in the proration scheme, why agree to something that is utterly foolish and which will not help the independent in any way but will only prostrate his business still farther and to the advantage of the major interests and postpone stabilization indefinitely?

Now, I am talking about the independent producer, I am one of them and I am talking for my own interests, but you remove me and all of the independent producers in this country, all the independent pipe lines in this country, all the independent refiners in this country, and you have no competition whatever as a buffer between these major interests who Mr. Bowles showed you owned practically the whole industry,—you will have no competition between those major interests and the public, so when I say independent producer, you can

just figure that the public is the next party in line. My object is not to run any oil in East Texas; you get nothing for it over there, and of course I would like to see the oil taken out of there as slowly as possible at these prices,—a man is foolish to run oil under those prices. Under some conditions he may have to, but my principal object is to stabilize my other holdings which are of more importance to me than the holdings I have in East Texas, so I am looking beyond the immediate situation to practical stabilization. Under the law of supply and demand, and without any proration, if the major interests did not want oil run to independent refiners at low prices, they would be obliged to do as they have done for the past forty years, namely, raise the price of crude oil so as to reduce or eliminate the independent refiner's profit, and this naturally helps the market for the independent producer under normal and natural competitive conditions. The independent refiner knows his position in the competitive world, and he has a pretty hard row to hoe incidentally, and is the only instrument of competition between the major interests and the independent oil producers. Proration gives the major interests a two-edged sword, one edge with which to mow down the independent producers by limiting their production, and more easily controlling the price, and the other edge to mow down the independent refiner by making it difficult, if not actually impossible for them to get any oil under proration even though sold for five cents a barrel. In one instance, the production of the independent producer is curtailed. It is curtailed so the independent refiner cannot get it, so he cannot act as a competitor against these major interests. It is a good scheme from their viewpoint, but not so good from ours. Proration has proven to be a method by which the production of the independent producer is prorated and under which the supply of the independent refiner is prorated while these major interests with their fancy system of nominations,—they tell you what you can sell in a field by nominations, they tell you what the market is for crude oil,—that is what nomination means. Incidentally, we built a refinery and we found a market for six thousand barrels a day. That was

lost in the shuffle, they didn't know anything about it, evidently. Extensive pipe lines, fictitious potentials, importing facilities for foreign oils, large storage facilities, and financial ability to drill unlimited wells have not hindered them in their production and refining to the extent of one single barrel during the entire time proration has been in force. What I mean by that, these refineries of theirs run twenty-four hours a day. If a little refinery up here in some inland field wants to run his production he has got to run it on a prorated basis. I want to make this plain. Furthermore, these companies nominate how much they will take from this field, which may be one hundred per cent, and nominate from that field in which there is a little independent, or in which they may be in the majority, and they will cut down the allowable for that field. Their market demand would not be near as much for that as the field that they run their own oil from.

With reference to proration being a conservation necessity, as indicated by occasional testimony of so called expert witnesses, every practical operator knows that such a claim is untrue, one reason being because the retarding of the flow of some wells practically ruins them, while under certain conditions, the retarding of production, especially of edge wells, in some fields, sometimes is a benefit, but that depends on the characteristics of the individual well and the peculiarities of the individual field, and no law is really necessary to make a practical operator protect his property. I listened to Mr. Belt's testimony here and I agree with him, and I have a very high regard for his ability as an expert, and he couldn't see this underground waste at all. He didn't think it existed as was stated by Mr. Foran and possibly some other folks who knew just how the oil was trapped, where it was trapped,—he didn't believe it was trapped, and he believes the water will wash the sand and finally bring it out into the hole, which is my belief, and I don't see how it could be otherwise. The present laws of the State are entirely adequate and ample to prevent careless operators from doing anything that causes actual physical waste or damage by water, and this law is a benefit to all producers. I think Mr. Thompson made a very good sugges-

tion, however, in trying to conserve human life, and incidentally, before I came down here to testify, I wrote my superintendant to give me the information regarding the equipment that should go on a well in East Texas. A fire valve with a long stem so the well could be turned off a long way from the casing, and I have an idea that information has already reached me at Ft. Worth, and as soon as it does, I intend to send it to the Railroad Commission as I think that all those wells over there should be equipped with a fire valve so you could turn the well off even though it was ablaze. But the Railroad Commission has that power now, they have the right to require that, the refusal to cooperate in preventing a fire would not only be a physical waste, but would be dangerous to human life and there is no question but they have the power, and I believe that every operator in Texas, large and small, would welcome any reasonable regulation the Commission made and would comply with it immediately to guard against these terrible fires. The practical effect of proration is to keep in the ground the oil of the independent producers, allowing the major companies perfect freedom in taking any quantity of oil they desire and which they designate as their market demand. And regarding that market demand, I believe that any scheme of proration would evolve itself into the same proposition where if it was permitted the independent would be regulated and the big outfits with their extensive facilities would go free, and that opinion is shared practically by every oil man I have talked to that has given the matter a little study. Regardless of how proration was brought about, administered, or effected, the result could not help but give the major companies the same advantage which they have under the nomination requirements or market demand system. Proration works that way in the very nature of the system. From what appears as an innocent and beneficial device called proration, it is too easy to convert this device into what may be termed a racket whereby the major interests can destroy their competition through their large financial ability and commanding positions in the oil industry.

Proration paralyzes the right of the independent to contract for the entire

amount of oil he produces, while the major companies who operate in many fields in the State, and in many other states, and even in foreign countries, can make contracts for the sale of large quantities of oil, and under proration the independent is robbed of his right to contract. Business cannot succeed without the right to contract, in my opinion. Proration destroys competition by reason of the fact that it destroys the right to contract and the independent producer is obliged to refuse to make contracts which the major companies can take over and handle with ease by reason of the restrictions placed on the independent producers through proration and that is a terrific handicap.

Questions By Senator Small:

Q. Has it handicapped you much?

A. Yes, quite a bit. I was over there in East Texas and fellows would call me up, they would wire me to make contracts, and I would say, "Well, I will have to wait until we see just what this proration business is going to do."

Q. You made a contract over there with the East Texas Refinery?

A. Yes, I made a contract with them.

Q. When was that made?

A. That was made, I think, in April.

Q. For a million barrels, wasn't it?

A. It was for the allowable under proration. We didn't know what this proration was going to do, so we contracted with the East Texas to furnish them oil according to the orders of the Railroad Commission.

Q. Didn't you have a contract over there where you agreed to furnish oil at the rate of 100,000 barrels a month, regardless of the orders of the Commission, and if necessary, you would go into court and enjoin the Commission in order to make those deliveries?

A. No, I will be glad to furnish you a copy of that contract if you do not have one.

Q. I don't have one.

A. I will be glad to furnish it to you.

Senator Parrish: I would like for him to make his statement first, and then he can ask his questions.

The Witness: It is perfectly all right.

The Chairman: He has but twenty minutes left.

Q. What was the contract price on that oil??

A. Twenty-one and a quarter cents a barrel, Senator.

Q. What was the posted price?

A. The posted price over there was sixty-seven cents, but the reason I contracted that oil at twenty-one and a quarter when the posted price was sixty-seven cents was because I thought that was only a trick of the Humble Company to get all of these suckers to prorate and I had an idea that as soon as they fell into the trap, they would close the gate immediately, and I knew that I wasn't going to bite at that bait, and I sold my oil at a lower price and I found that by analysis of it it was correct, and the price of oil today is even less.

Q. You are selling your own production?

A. Correct.

Q. And you wouldn't be caught in that trap even if they did run the price down, would you?

A. Well, you can figure that out as well as I can, Senator. We wanted to sell a little oil, and the reason was we were being drained by offsets. We didn't criticize those folks but we felt that we ought to sell a little oil because they were taking quite a lot from the other wells.

Q. You do subscribe to the theory of drainage?

A. I subscribe to the theory of these things. I have even went so far as to—

Q. Well, of draining?

A. Oh, yes, that is a natural consequence in the oil business. Every man that drills a well or owns a lease would be subject to certain drainage.

Q. Who was doing that draining?

A. Our offset lease owners. I don't know who they are. I know some of them, the Arkansas Fuel Oil, the Marine Oil Company, and the Gulf, and the Houston Oil Company, and there were maybe some others, I don't just recall.

Q. At that time, there wasn't any proration in that field, was there?

A. Oh, yes.

Q. Well, they were draining your property, and disregarding proration?

A. They were disregarding proration.

Q. The Gulf?

A. I will tell you how that is, Senator—

Senator Parrish: I have never asked for a witness to go on the stand until this man, and I don't even know his name now, and I never saw him three times in my life, but I don't think it is fair for some of these fellows to run off with him to keep him from making that statement as his time is going to expire. And I would also like to ask him some statements myself.

Senator Small: I don't want to consume his entire time by letting him make a long statement when we have some specific cases to ask him about. I will prorate the witness with you, I don't want to be hoggish, and get more than my share.

Senator Parrish: I never met the man, I couldn't tell you his name now. If Senator Small wanted him on there, why didn't he ask him to go on there, but now he wants to occupy the time and bring out some points I would like to bring out. I want to ask him right here when he contracted that oil at what price he contracted it?

A. At twenty-one and a quarter cents.

Senator Parrish: The big companies had a posted price of what?

A. Sixty-seven cents.

Q. You couldn't have contracted with them at the posted price?

A. Certainly not.

The Chairman: All ready, Senator Williamson.

Senator Williamson: I do not want to invade the ruling of the Chair, or interfere with the gentleman's witness, but in view of some statements that have been made, I would like to question him later on.

Senator Purl: Mr. Chairman.

Mr. Chairman; The Senator from Dallas.

Senator Purl: I have two witnesses, Mr. Terrell, and Mr. Smith. I have read the House Journal carefully and I believe their testimony would be a repetition and I will withdraw Mr. Smith and Mr. Terrell's names and let these gentlemen have their time.

The Chairman: I will tell the Committee that we are going to

have to hurry because we have several other witnesses here.

Senator Parrish: If you will let me ask one-half dozen questions that will be all I want.

The Chairman: I have no control over that.

The Witness: It will not take long to finish my statement.

Senator Purl: I move that his time be extended ten minutes.

The Chairman: The time of the witness has been extended. He has twenty minutes left—twenty-two minutes.

The Witness: Proration destroys competition by reason of its destroying the right of contract, and the individual producer is obliged to refuse to make contracts which the major companies can take over and handle with ease by reason of the restrictions on the independent producer through proration. When competition is destroyed the price can be regulated by the major companies as low or as high as they desire. But, as they are purchasers of crude oil as well as producers, it is to their interest to buy the raw products which they manufacture as cheaply as they can.

If the markets of the world were open to Texas oil there would be a tremendous scramble for it, especially at the present low prices, which would cause a stiffening of the price; in other words, the competition of the purchasing power of the world would be centered in the cheapest oil available, and if that did not increase the price, then nothing we know of would increase it, in other words, if buyers could come in here and contract for oil and there was a big scramble for the oil and the major companies saw that the outside world were getting it, don't worry about the price—they would make the price go up right away. To illustrate that, I want to tell you that in the Smackover field oil was selling at 30c to 40c a barrel. They had more oil there than I ever saw before in one place.

A little independent fellow up there by the name of Elmer Schock and his associates put in an outfit there, put in a pumping equipment and arranged for barges and intended to float the oil down the Mississippi river to the Gulf, and as soon as he got it completed, and it looked like the oil was going to get away from the major companies

they raised the price to a dollar. These fellows had not taken the precaution of contracting for it and they lost their investment. Every flush oil field goes through some period of overproduction; it has always been temporary and short lived, usually attended by low prices. The nature of the oil business is that it is either a feast or a famine; it is a peculiar business; that is one of the features of the business,—it is a feast or a famine business. The production of every field is always limited to the facilities for carrying it away; and in East Texas the limit of the facilities has almost been reached, and the amount of oil that can be produced from that field will, of course, be governed by those facilities. I want to bring out the point that it ain't going on and on; there will be a limit, and then the price structure is bound to improve, and it will prorate itself naturally. That is not exactly the expression, but it will be governed in a natural condition; in other words, it will reach its natural level of production, after which the production of all the wells must of necessity be to a certain extent curtailed as a natural result and without an artificial intervention of the law of supply and demand—I mean interference, not intervention, with the law of supply and demand. Naturally, the increase of consumption stimulates the building of local refineries, such fields adding stability to the local community, and building up of an industry stimulates export demand, and these cheap prices will of necessity stop the drilling, not only in this country but to certain extent all over the world, as we have already witnessed and as we will witness later, and will actually cause the shutting down of other fields temporarily; in other words, the law of supply and demand will act to take care of the situation. Of course, it is a big field, and there is lots of flush. We have had big fields before and a lot of flush, too. It is safe to say that without proration many millions of barrels of oil would be stored and also relieve a condition of over-supply. This would take place by a large number of investors that would come in there to store oil, but the chances are as soon as they stored it the price would go so high, unless they had a contract in advance they

wouldn't get it. They would be placed in competition with the world, instead of preserving the oil for their own use and benefit and a great loss suffered by all the other producers in this country as well as to the land owners and royalty owners and the public. As a matter of fact, with the grave menace to the public, their system will drive all competition from the field and cause a monopoly of the oil business. For all time past until proration was injected into the oil business the industry has survived, prospered and advanced rapidly and remained in a fairly healthy condition under the law of supply and demand and under competitive conditions, and there is no good reason to vary from those basic principles under which all business is done in this country. Now, conservation of oil has nothing whatever to do with the manipulation and proration of oil. We have proper conservation laws now; they are splendid; I don't believe there is a State in the Union that has any better, but the administration of those laws is not; probably that can be improved upon. The ratable taking law has not been even administered at all. But this proration kind of muddled the water and balled it up, so it was not really effective. The State of Texas now has splendid oil laws, which, if carefully enforced and reasonably enforced, will add as much to the prosperity of the business as could be reasonably had by legislative measures. Proration has so interfered with the natural law of supply and demand and with our competitive system of doing business that its action has added to the distressed condition that exists in the industry at this time, through the building up of large fictitious oil potentials and production by increasing drilling, in an effort of the major companies to create such large surpluses of oil that their competitors could share in but a small portion of the market in comparison to the tremendous production by these major interests. Furthermore, it is entirely unsound from every viewpoint to attempt to prorate American oil while foreign oil can be imported in unrestricted quantities. A few years ago an attempt was made to control the oil industry in this country through propaganda which claimed and predicted that this country would in a few years use up

its oil resources. This propaganda advocated that drilling and development of oil in this country be retarded—just the reverse of the racket we have going on now—while foreign fields were developed, and if this scheme had worked and development of our oil resources had stopped it would have given the major companies, with vast foreign holdings, the same monopoly that they now seek through proration. If their proration scheme fails, it will be no doubt advanced under the cloak of conservation.

The Chairman: Mr. Danciger, you have seven minutes left.

The Witness: But we can reasonably expect some new scheme we haven't heard of, because the old scheme of saying that our natural resources would soon be depleted didn't work. But now they are trying to prorate us; if this don't work, I don't have any idea what the next scheme will be, but we will know before long, because I don't think this Legislature is going to pass any proration scheme. Now, my friend, Mr. Landreth, the legitimate oil producer, stated that the recovery in the Yates field would be two or three times as much as in the Winkler field. Now, folks, those are two entirely separate fields, and it is just as absurd to make that comparison as it would be to compare the productivity of desert land with Rio Grande Valley land; they are two entirely different places, and one has nothing to do with the other as far as the possible recoverable oil is concerned. I would rather have one acre in Pecos than forty in the Winkler field, not on account of the production, but because the sand is thicker, drilling is shallower, and forty different reasons—two entirely different propositions, so one field can not be compared with the other. A statement of that kind was evidently made to mislead instead of inform the Senate. He claims that seventy-five per cent of the independent producers are for proration. I have about one hundred of them that wired me that they were against it, and I would be glad to offer those as against his seventy-five per cent; and as a matter of fact I think that ninety-nine per cent of the operators who understand this proration racket

are against it heart and soul. When you go to put casinghead plants in the East Texas field, that gas may be suitable for it, but it may not. We are investigating that, trying to put a casinghead gas in there now. Recently, working a system of the Standard Oil Company in promulgating this proration scheme, it started with the Central Proration Committee, composed principally of representatives of major companies and entirely dominated by major company influence. I am talking about the Central Proration Committee. This committee pays the expenses of at least some of those posing as independent producers and the lawyers and the publicity men for this committee, who are major company lawyers, write the bills that have been presented to the Legislature as being bills of the independent oil producers, whereas in truth and in fact they are major company bills presented by the so-called independent producers.

Senator Woodward: I may have heard just part of it, but I would like for you to qualify that as to at least one bill the major companies have not written. That is the bill I have written.

The Witness: Senator, this has no reference to any bill that you introduced or anybody else introduced. It is not my object to reflect on any bill, Senator.

Senator Woodward: I just heard part of the statement.

The Witness: No, I had no reference to that at all. Mr. Landreth I cite as one of this type, one of the so-called independent producers who hold the views of these major companies to such an extent that we can not believe that he is an entirely legitimate producer; and I think Mr. Roeser and Mr. Collett possibly would come under that class, along with Bob Penn, who sells a world of acreage and drills lots of wells for those companies. They are probably the best friends that they have in the oil business, and the records will show that large sums of money have been loaned to parties who are extremely active in advocating proration. The major company lawyers have made their influence felt to such an extent with the Railroad Commission that they have entirely misled

the Railroad Commission and caused them to do many things they would not have done but for the sinister influence of the representatives of these major companies. Parties who represent themselves as independent producers, but who really are co-operating with the Central Proration Committee, called what they term an emergency conservation gathering, which was attended by a very large number of major companies' representatives—major company representatives, and also many independent producers. This emergency committee was inspired by a great desire to save the resources of the State; whereas, the real purpose was to call a special session of the Legislature—not that any conservation was needed at all, that we didn't already have on the books laws to regulate, no unusual waste of any kind was occurring, but for the purpose of prorating the oil fields of this State, with the effect of turning over the business of the independent producers and the resources of the State to the Standard Oil Company and depriving every royalty owner and land owner and producer of his property rights.

Now, Gentlemen, as I see this whole picture, there has been entirely too much meddling. You can trace it to the Standard Oil influences and the Standard Oil Company allowing its representatives to go to the Railroad Commission, furnishing money for committees, paying representatives of those committees to pose as strictly independent simon-pure producers; and I think that the investigation of the House and the Senate will bring before the people of Texas a splendid example of what can be done by good, honest legislators, because it needs a lot of light, and you surely have turned on a lot of light.

Questions by Senator Parrish.

Q. You are what is known as an independent operator?

A. Just an independent operator.

Q. Are you connected directly or indirectly with the Standard Oil Company?

A. No.

Q. Senator Small asked you about some contract made in which you

contracted to sell so much oil at a certain price?

A. Yes.

Q. Was that your oil?

A. My company's oil.

Q. You produced that oil?

A. Yes, sir.

Q. Your own production?

A. Yes, sir.

Q. What price did you get for that oil?

A. 21¼ cents.

Q. At that time what price were the big companies posting?

A. 67 cents.

Q. They posted to the world that they were paying 67 cents?

A. Correct.

Q. Could you have sold it to them at 67 cents?

A. I might have sold it to them for that for a day or two, but I thought that was a bait. I could not have contracted with them at that price.

Q. You simply contracted to sell your own oil—made a bona fide contract?

A. Yes, sir.

Q. You have not been arrested for violating any law?

A. No, sir.

Q. And have not been sued by anybody?

A. No, sir.

Q. I want to know about this posted price of oil. You say they post a price for oil. Why will they say that is the price if they don't intend to pay it to any individual that wants to sell the oil?

A. They will pay it to anybody that takes oil from the field that day. They may change it the next day and this 67c price was only in vogue for a few days.

Q. Does that mean they will take anybody's oil at that price regardless?

A. It means that they would take any party's oil for whom they wished to make connections.

Q. If they didn't want to make connections, they would not take the oil?

A. No; but under the pipe line law, they are supposed to; but that has not been enforced.

Q. In your refinery, do you refine lubricating oil?

A. No, sir; our is just what is known as a skimming plant. We make gasoline, kerosene, naptha, fuel oil, and so forth.

Q. You are not equipped for refining lubricating oil?

A. No, sir.

Q. What profits are you making on your gasoline?

A. We sell it for three cents or a little better—three cents per gallon. The profit per gallon, Senator, I couldn't tell you; it is rather small; I would have to figure it out. We run about 6000 barrels a day, and our daily profit is about eight or nine hundred dollars on that plant.

Q. As a general proposition, do independent refineries put out refined lubricating oil?

A. No, sir; not as a rule; as that requires special costly equipment.

Q. And only the big companies can do that?

A. There are some independent lubricating plants.

Q. What profits do they make on lube?

A. I understand they are making only a little because the sale of that product is difficult. They have to sell it rather cheap, and the margin of profit of the independent refiner is very little. My impression and my understanding is that the margin of profit of the small independent lubricating refiner is rather small.

Q. How about the big refiner?

The Chairman: The time of the witness is up.

Q. (By Senator Pollard.) Did the witness say he is for proration?

A. No, sir; you misunderstood me.

Senator DeBerry: I would like to ask him one question.

The Chairman: His time is up, Senator.

Senator Woodward: I move the time of the witness be extended fifteen minutes.

Senator Holbrook: Second the motion.

The motion to extend the witness's time fifteen minutes was thereupon put before the committee, and carried.

The Chairman: The time of the witness will be extended fifteen minutes, if no objection.

Senator DeBerry: Have I permission to question the witness?

The Chairman: Yes, sir.

Question by Senator DeBerry.

Q. I don't want to get ahead of Senator Small wanted to ask you about that common purchaser bill of his that he passed two years ago. You spoke of a contract there a while ago?

A. Yes, Senator.

Q. How much oil did you sell at that price of 21 and a fraction cents per barrel?

A. I sold, Senator, the amount of oil that I would be allowed to produce under the orders of the Railroad Commission, I think, for six months; I am pretty sure that was the time—it was for a number of months.

Q. About how much has that been running per day?

A. From one well there has been about four—well, whatever the allowable is; I don't know.

Q. Could you guess, since you made that contract, how much oil per day?

A. I think a couple of hundred from one well there; and we have three wells on another lease; it would be about six hundred from them.

Q. Whom did you sell that oil to?

A. The East Texas Refining Company.

Q. Who are they?

A. A young man by the name of Burford is at the head of it.

Q. It is an independent refinery?

A. Yes; it is.

Senator DeBerry: That is all.

Questions by Senator Parrish.

Q. Where is your home?

A. Fort Worth, right now. I formerly stayed in Amarillo for two or three years.

Q. You are a constituent of Senator Small.

A. Yes, Sir; Senator Small.

Questions by Senator Small.

Q. Examine this contract here and see if that is a copy of the contract you executed with the East Texas Refinery?

A. (Witness examines contract handed him.) Now, Senator this probably is, but I could not—before we finally agreed on this contract, we wrote two or three of them; but

if I have the time to read it, I would be glad to let you know if this was the same one we finally agreed on. We wrote two or three copies, and I don't know whether this is the one or not, but I will be glad to give the one that is no doubt on record. It would take quite a long time to read that whole thing.

Q. We don't want to consume that much time. This contract covers the production on three different tracts of land—one for 25 acres, one for 28.7 acres, and the other one for 10.4 acres?

A. That is correct; those three pieces.

Q. About 64 acres of land?

A. There were three tracts.

Q. This contract, Mr. Danciger, provides for a million barrels of oil?

A. Well, I think that is a kind of option. We had the privilege of delivering that under certain conditions. The contract will speak for itself, if that is the original contract.

Q. It is not an executed copy, but it has been furnished me as an authentic copy—a million barrels of oil, and the price is stated at 20 cents in this contract?

A. There was part of it at twenty and part of it at twenty-two—22½ or something.

Q. 22½?

A. That makes 21½, I think.

Q. Yes, 21¼—20 and 22½.

A. Yes; that is right.

Q. And it provides that 300,000 barrels is to be delivered within three months time?

A. No; there is another provision in there whereby we can furnish the allowable—I know that is correct; if the whole contract is taken and read; that is the way it is, and I am sure that is what the contract will show, that we are to run the allowable under the Railroad Commission's orders to the East Texas Refinery on those three properties.

Q. As I read it, 300,000 barrels is to be delivered in three months, and the other 700,000 barrels are to be delivered within the first seven months, after the first production of oil?

A. That was one of those old contracts. That is not the final contract we signed and entered into.

Q. It is not the one you finally signed?

A. I don't think it is.

Q. This contract leaves the impression on me that you have 64 acres of land in East Texas, and you contracted to deliver a million barrels of oil from it in seven months; is that correct or not?

A. We figured on doing that, but we finally decided that since the price was so low, we would just allow them to take the amount allowed by the Railroad Commission. I would have no compunction in selling our oil in any reasonable quantity we wanted to at any price that we saw fit to take for it.

Q. I understand.

A. That is my position.

Q. You were to deliver a million barrels of oil in seven months time off of 64 acres of land?

A. Yes; we figured on that for quite a while, but we finally agreed we would deliver the allowable, for the price was so low. Chances are I would have delivered the million barrels if the price had been sufficient to justify it, but the price was too low.

Q. At the time you were figuring on doing that the posted price in East Texas was 67 cents, wasn't it?

A. That is my recollection.

Q. And you had an allowable set by the Railroad Commission at a very low figure in East Texas, didn't you?

A. Yes.

Q. About how much at that time?

A. About two to three hundred barrels a well, it would average that, something like that.

Q. But the total allowable for the field, do you remember what it was?

A. Well, my recollection is about 300,000.

Q. Three hundred thousand?

A. I don't remember, Senator, exactly what it was. I think it was about that—two or three hundred thousand.

Q. Well, wasn't it less than 200,000 barrels?

A. It might have been, I don't remember. I don't keep track of all those things, because they change right along.

Q. And you were making that contract at an average price of 21 1-4 cents?

A. Correct.

Q. In this contract isn't there a provision in it that you would dis-

regard any proration order made by the Railroad Commission? Did you figure on doing that?

A. Yes, yes, absolutely, we had. I incorporated in that—I can show you the original contract; we made up two or three of them; but I am quite positive that I put a clause in there whereby if we wanted to run our oil against the order,—and since we have since proven illegal the order,—we would have the right to do it.

Q. It contains this provision: "In the event an order is made effective by the Railroad Commission of Texas prorating the production of oil and— or gas in the field where the above properties are situated, buyer shall nevertheless run and purchase the quantity of oil covered by this agreement, if sellers elect that buyer shall run and purchase said oil, provided, however, that in such case or cases sellers shall secure a court order protecting buyer against penalties that may be assessed by reason of such Railroad Commission proration order on account of such runs and purchases of production." In other words, you had the option there of running this oil, and this purchaser had to take it provided you gave him protection by the injunction route on this contract?

A. Well, I say, Senator, that was one of the contracts we were going to enter into, and I would have done that, and I will today do the same thing. The Federal Court has decided that you cannot take a man's property away from and make him subject to a monopoly by prorating him, so I would not have to bring any suit today, but at that time I was so convinced that I was right, I was willing to sell that oil under an injunction.

Q. And you ran a million barrels in seven months off of sixty-four acres and this disregarded the order, and you were draining other people's oil, were you not?

A. Yes, sir, the other fellow would have just the same right to drill wells and protect the other lease, I was not taking advantage of anybody else.

Q. You were not taking any advantages?

A. No, sir.

Q. It was everybody for himself?

A. Yes, sir, everybody for him-

self. In my competitive business, it is the same way.

Q. And whoever could drain the other fellow's oil, the first man to it got it?

A. That is the way the oil business is conducted, Senator, and always has been.

Q. Don't you think it is about time to stop that way of conducting the oil business?

A. It cannot be stopped.

Q. It cannot be stopped?

A. No, sir, because it is not on the basis of any other business, you cannot stop it any more than you can restrict the flow of a river, it is the nature of that business.

Q. In other words, you think the laws of this State should be left in a condition whereby you could get in and take the other fellow's oil if you had the power to do it?

A. Well, it is that way, I understand it is that way with water, you can draw another fellow's well and take the other fellow's water.

Q. Is that true with oil?

A. Yes, sir, if a man drills and gets an oil well he has the privilege of running his oil if the other fellow's oil runs into that well he is losing it, and if the other fellow don't drill a well to protect his lease you have a perfect right to take his oil.

Q. If the other fellow hasn't any connection and has no outlet you have a perfect right and privilege to go in there and take the oil away from him, is that your theory?

A. Yes, sir, that is the oil business, always has been in this and every other State.

Q. Now, with reference to your property in the Panhandle, I noticed a little statement the other day that you had produced about eight hundred thousand barrels of oil up there in excess of your allowable?

A. It may have been, probably was.

Q. Who surrounds you?

A. The Texas Company, the Gulf, and some others, and they were all running full blast around us.

Q. Who were the others?

A. Well, the Texas and the Gulf were running full blast offsetting us. I say full blast, the wells made only about one hundred to three or four maybe five hundred barrels, some of them may have been larger. The Gulf and Texas Company and the

Champion Oil and Refining Company, they were on one lease.

Q. Well, the question I am getting at, were they violating the orders of the Railroad Commission with reference to the production of their oil?

A. No, sir, I do not say that they were violating the order, they were simply running their oil the same as we were and they would have been foolish not to have produced their wells while we were producing ours.

Q. Which one of you opened up first, you or they?

A. Well, when we got our injunction we run our oil of course.

Q. When you got your injunction you turned your wells loose that correct?

A. Yes, sir, we operated our wells.

Q. You came down here to Austin and got you an injunction?

A. Yes, sir.

Q. And then when you got it you turned your wells a loose full blast, and these other fellows that were surrounding you observed the orders of the commission, did they not?

A. No, they immediately opened up operating their wells.

Q. When you cut loose they did too?

A. Yes, sir.

The Chair: The time is up for this witness.

Senator Parrish: I would like to ask just one more question.

The Chairman: What is the pleasure of the committee?

Senator Small: I had one or two more questions that I would like to ask the witness.

The Chair: If there is no objection we will extend the time for a minute. Proceed, Senator Small.

Questions by Senator Small.

Q. So they went to running their properties full blast in order to offset you?

A. That is right.

Q. Now, awhile ago you said you were operating your refinery at a profit of about eight or nine hundred dollars a day, is that a net profit?

A. Well, no, that is not exactly net, the Bell Oil & Gas Company gets part of the profit for looking after the refinery.

Q. How much net profit is there?

A. Well, I think it would be close to seven hundred dollars a day net.

Q. That is net profit made in violation of the orders of the Railroad Commission and by flowing your wells wide open and getting all of the production you can?

A. No, sir, that is not a net profit made by violating any law because the Federal Court has since decided that the Railroad Commission was wrong and should not have made that order and we were right, Senator, and had a perfect right to run that oil and should have conducted our business exactly the way we did.

Q. But the court you selected to go into to try your cases decided the other way?

A. We have it on appeal, yes, sir, and the other court decided we have to take the decision of the higher court because it is already proven that the lower courts are more than fifty per cent wrong in their decisions.

Q. Then the courts are wrong in their decision?

A. Yes, the lower courts.

Q. It was a lower court down here at Houston?

A. No, it was right here in Austin.

Q. The decision you are bragging on so much is the one that came from Houston?

A. It was a Federal Court decision, a three judge court.

Q. That was just three United States judges down there?

A. Yes, sir, that is correct.

Q. And this is just how many Texas Judges down here?

A. Just one, Judge Wheeler, that is all.

Q. Now you say the other courts are wrong about fifty per cent of the time?

A. That is my understanding, I don't know for sure.

Q. Do you think the motive that promoted the calling of this Legislature was entirely wrong?

A. I sure do.

Q. You think it is based on sinister motives?

A. Yes, sir, I sure do.

Q. And you think it was not conservation that promoted the Governor to call the Legislature in session?

A. Well, the Governor may have

called it in perfect good faith but I say the influences that made the Governor call it, I don't believe were clean and right. I believe he has been unduly influenced by a lot of pressure and telegrams and wires and visits and committees and one thing and another, I believe that caused him to call it.

Q. You think the Governor of this State, who is conceded to be a practical oil man and whose motives you do not question, was swept off his feet to call a proration Legislature rather than a conservation Legislature?

A. I am not in position to say why he did a certain thing, I simply state what has happened, and what was done. All of these things took place and the Session was called, and I think he was taken advantage of on account of those things.

Q. In other words, you question the motives of the Legislature and the Governor that want to curb these cave man tactics you have depicted here?

A. No, sir, I don't question the Governor or the Legislature, I question the influences that caused the Legislative Session to be called.

Q. Don't you think it was the tactics of the individuals who have been producing a million barrels of oil in seven months from sixty-four acres of land that caused this session to be called?

A. No, sir.

Q. It was the sinister influence of the Standard Oil crowd that caused it?

A. Yes, sir, I think there is enough evidence in both houses of the Legislature to bring that out definitely to any reasonable person.

Senator Parrish: I want to ask you just this question. Senator Small asked you this question, or he brought out that you were producing oil at a time when your neighbors did not have a connection, and you were thereby taking oil from under their land?

A. Yes, sir.

Q. I ask you if the major companies are always that considerate, when they have a neighbor who does not have a connection do they cut off their wells until he has a connection?

A. No, sir, they produce every

drop of oil they can twenty-four hours a day.

Q. Just as you did?

A. Yes, sir. Senator Parrish, I would like to ask you if I can introduce a few telegrams showing that I am not the only one who has this view.

Senator Parrish: Yes, sir, put them in the record.

Telegram—Rockdale, Texas, May 17th, 1931.

Joe Danciger,
Austin, Texas.

I am justifiably opposed to proration in any form and particularly am I opposed to Howsley House Bill Number ten fifty-two am ready and willing to do all that I can to prevent passage of the Howsley Bill for it will complete the ruin of small producers.

W. H. BIRDWELL.

Telegram—Houston, Texas, May 8th, 1931.

Joe Danciger,
Care Driskill Hotel, Austin, Texas.

We are opposed to Howsley Bill, the troubles of the oil business are purely economic and cannot be remedied by legislation, we are opposed to granting Railroad Commission the unlimited power to coordinate supply with demand and to fix the amount of storage and to arbitrarily fix the amount of gas energy in lifting of oil because ultimately this amounts to giving the commission the power to fix the price of crude oil and its manufactured products.

HUMPHREYS OIL CORP.

Telegram—Cross Plains, Texas, May 18th, 1931.

Joe Danciger,
Care Driscoll Hotel, Austin, Texas.

Dear Sir: Please present to the Honorable Legislature of the State of Texas, the following petition. We the undersigned independent oil operators, royalty owners and land owners of the Cross Plains producing area of the State of Texas earnestly request the Legislature of the State of Texas to refuse to enact House Bill Number 1052 as the law of this State. We make this request for the reason that we believe enactment of such legislation is detrimental

to the State of Texas as a whole and particularly to those engaged in the oil industry and to enact the same as law is an invasion of the constitutional rights of the citizens of this State the inherent right to contract.

By E. N. Schoffner, respectfully submitted.

W. E. Weiler,
H. H. Nash,
J. G. Weiler,
C. W. Leigon,
W. C. Wilkinson,
E. C. Neeb,
C. W. Brigner,
R. A. Boon,
W. D. Clapp,
S. E. Owen,
H. E. Coburn,
H. W. Baum,
C. M. Sims,
F. F. Moon,
S. C. Sipes,
L. C. Mcneel.
Clyde Durringer,
E. I. Henderson,
T. C. Kelley,
I. M. Howard,
W. A. Williams,
Chas. F. Hemphill,
Geo. R. Nell,
W. R. Wagner, Jr.
J. G. Rumph,
Chas. L. Kelsey,
Martin Neeb,
B. B. Bond,
Don H. McCord,
C. D. Anderson,
S. F. Bond,
J. W. Westerman,
Taylor Bond,
F. E. Mitchell,

Telegram—Laredo, Texas, May 18th, 1931.

Joe Danciger,

Driskill Hotel, Austin, Texas.

We are vigorously opposed to Howsley House Bill No. 1052 and so is O. W. Killam, largest independent operator in this field, we believe that if the bill becomes a law that its enforcement will pass under the control of Standard Oil interests and that the independent producer will soon become an extinct species. It is inimical to the interests of the independent producers and also of the royalty and land owners we greatly appreciate your efforts in our behalf.

Cole Petroleum Co.

Telegram—Houston, Texas, May 18th, 1931.

Joe Dancinger,

Care Driskill Hotel, Austin, Texas.

We are opposed to the Howsley Bill because it places the little independent producer at the mercy of the major companies and will drive them out of the field leaving a monopoly to the major companies.

Old Colony Oil Co.

Telegram—Houston, Texas, May 18th, 1931.

Joe Dancinger,

Care Driskill Hotel, Austin, Texas.

We are opposed to Howsley Bill. First because it would enable the big companies to compel small producers to sell his oil at prices fixed by them without any right on small producers part to store his oil for better prices. Second, it is a concealed effort to regulate supply and demand. Third, it has an arbitrary definition of waste but really has no feasible plan of effecting true conservation. We are further opposed to the unitization of oil fields as it always places the independent producer at the mercy of the major oil companies. We further think that it is an attempt to choke the independent by failing to give him free use of the law injunction proceedings.

Harrison Oil Co.,
J. S. Abercrombie Co.

Letter:

Brownwood, Texas,
May 18, 1931.

Mr. Joe Dancinger,

Austin, Texas.

Dear Sir:

I have heard practically every man living in Brownwood, who is directly connected with the production of oil, express himself in regard to House Bill 1052 and they are all opposed to it. I understand several of them have already wired you to that effect.

We bitterly object to the absolute and final fixing of the production of our business by any Commission when such fixing is to be done indirectly by, and upon the say of our competitors. This is not fair to us, it is not fair to the land owners whose land we have developed and expect to develop, and it is not fair to the general public of the State.

It will put producers and drilling contractors as well as all of the

laborers, truck men and others who depend upon us and our business for their livelihood, at the mercy of and under the control of the major companies who are the principal market for oil. It will put us out of business.

That will place all land owners at the mercy of the major companies in the matter of getting their land developed, and also as to bonuses (if any), rentals and the amount of royalty they will receive. I, and no doubt you also, have already heard the expression from major company executives that the landowners are getting a larger per cent of royalty than they should have. If the independent operators of the State are put out of business how long do you suppose it would be until land owners would get only 1-16 or 1-20 royalty instead of the 1-8 they are now getting, I wonder.

I wonder who is sending out the propaganda from Austin in favor of this bill and neither signs the argument nor puts any return address on the envelopes. There is no way to tell who it is from. I have received a number of such letters.

Please do all you can to defeat the bill.

We are for you here,

Yours very truly,

Tex Cal. Oil Co.,
By: H. P. EVANS.

Telegram:—Dallas, Texas, May 18th 1931.

Joe Dancinger,

Care Driskill Hotel, Austin, Texas.

I strongly oppose the Howsley Bill as it favors the Standard Oil Company and their associates and is against the citizens of Texas.

Earle Freeman.

Telegram:—Amarillo, Texas May 17, 1931.

Joe Dancinger,

Care Driskill Hotel, Austin, Texas.

Please use this wire as evidence that we are strenuously opposed to Howsley Bill No. 1052.

Clayton Key Oil and Gas Co.

Telegram:—Amarillo, Texas, May 18th, 1931.

Joe Dancinger,

Driskill Hotel, Austin, Texas.

We are in hearty accord with you in your stand against Howsley House

Bill No. 1052 and opposed to proration from every point of view.

Alaska Petroleum Co.
Geo. W. Pennington, President.

Telegraph:—Amarillo, Texas May 17th, 1931.

Joe Dancinger,
Care Driskill Hotel, Austin, Texas.

We wish to go on record as being strongly opposed to Howsley House Bill No. 1052, please use this wire in your fight.

Travelers Oil Company.

Telegram:—Ft. Worth, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Land owners of Coleman and other central Texas counties opposed to proration bill and if bill is passed will petition Governor to call Special Session to repeal same and abolish railroad commission made tool of monopoly by bill. If needed will instruct Keymen get signature all farmers now.

R. Kamon.

Telegram:—Ft. Worth, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Sponsors of the Howsley Bill do not represent me or my company in any manner. Keep up the good work Joe I am right with you and my only regret is that I cannot be with you in person.

Beard and Hammond Oil Company.
By: J. G. Hammond.

Telegram:—Graham, Texas, May 17th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Independent operators of this district are fully against any such bill as the Howsley House Bill No. 1052 which would deprive any American citizen of his rights to run his own business.

D. M. Knox.

Telegram:—Midland, Texas, May 23rd, 1931.

Joe Dancinger,
W. T. Waggoner Bldg., Fort Worth, Texas.

Replying to your reference Howsley Bill. We are most emphatically opposed to its passage. It would throttle the independents and leave them at the complete mercy of the

dictators to rule or ruin as they saw fit.

N. M. Storey, for Storey Freible
Duffy Oil Co.

Telegram:—San Antonio, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Let this telegram be an expression of the Golden West Oil Company emphasizing their opposition to Howsley House Bill No. 1052, which we believe is an attempt to further demoralize the interests of the independent producer to the end that they will be deprived of the rights upon which they must depend for existence and without which they can not continue to operate which to us seems to be the object of this bill.

Golden West Oil Company,
By W. E. Olmstead, Vice-Pres.,
and Gen. Manager.

Telegram:—Saratoga, Texas, May 18th, 1931.

Representative Grogan,
Care Joe Dancinger, Driskill Hotel,
Austin, Texas.

We are bitterly opposed to Howsley House Bill No. 1052 or turning our business over to Centralized Power.

E. W. Skinner Oil Co.

Telegram:—Rockdale, Texas May 17, 1931.

Joe Dancinger, Austin, Texas.

In no uncertain terms are we opposed to Howsley Bill No. 1052, proration means disaster to small oil producer and is unfair and unjust according to our experience and belief.
Southern Production Co.

Telegram:—Corsicana, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

I am not alarmed over the Howsley Bill No. 1052, as I am not dependent upon the companies to take my oil but in regard of the consuming public would hate to see it passed as it would forever eliminate competition.

G. C. Kent.

Telegram:—Brownwood, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Use every effort to defeat bill No.

1052. We oppose any legislation giving absolute power to run our business. We are producing from marginal wells and have not run a barrel of oil since last December.

Infield Petroleum Co.
W. D. Gully & Co.

Telegram:—Brownwood, Texas, May 18, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Not in favor of giving commission any more power.

A. D. Bruce.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

Use every effort to defeat Bill ten fifty-two we are opposed to any legislation giving anyone absolute power to regulate our business.

Preston Oil & Gas Company,
F. S. Preston.

Telegram:—Cisco, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

We are bitterly opposed to Howsley House Bill 1052.

John H. Kleiner, et al.,
Kleiner Oil Company,
John H. Kleiner, President.
Kuhlemeier Kleiner Oil Company,

Telegram:—Dewey, Okla., May 17th, 1931.

Joe Dancinger,
Care Driskill Hotel, Austin, Texas.

In regards to Howsley House Bill Number ten five two depriving any individual of selling their oil will say that we are not in favor of such a bill being passed.

Very truly yours,
Shertzer Bros.,
By C. P. Shertzer.

Telegram:—Fort Worth, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

We do not favor the Howsley Bill.
Gibson and Johnson, Inc.

Telegram:—Fort Worth, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

We stand with you against the Howsley Bill.

Leck Royalty and Oil Co.

Telegram:—Houston, Texas, May 18th, 1931.

Joe Dancinger,
Care Driskill Hotel, Austin, Texas.

We are opposed to the Howsley Bill as it is the death knell for the little independent producer.

Dayton Oil Co.

Telegram:—Houston, Texas, May 18th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

We are opposed to the Howsley Bill for the reason that it grants too much authority to a Governmental Agency and is a subterfuge for price fixing.

Continental Oil Co.

Telegram:—Refugio, Texas, May 18th, 1931.

Joe Dancinger,
Care Driskill Hotel, Austin, Texas.

We are strongly opposed to Howsley House Bill Number one naught five two.

Refugio Oil Corporation.

Telegram:—Rockdale, Texas, May 17th, 1931.

Joe Dancinger,
Driskill Hotel, Austin, Texas.

We are against that Howsley Bill ten fifty-two as it is absolutely unfair to the independent operators producer.

Coffield and Hale.

Telegram:—Rockdale, Texas, May 17th, 1931.

Joe Dancinger,
Austin, Texas.

I am opposed to Howsley Bill ten fifty-two as it is unfair and unjust to the independent.

Jim Lanning.

Rockdale, Texas, May 17th, 1931.

Joe Dancinger,
Austin, Texas.

We oppose Howsley Bill ten fifty on proration as it is unfair to the independent producer.

McCormick and Noack.

Rockdale, Texas, May 17th, 1931.

Joe Dancinger,
Austin, Texas.

We are opposed to House Bill ten fifty on proration.

Ernest Oil Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Austin, Texas.

We are opposed to Howsley Bill ten fifty-two.

Grapevine Oil Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Driskill Hotel, Austin, Texas.

The passage of Howsley Bill ten fifty will be ruination to the independent producer.

H. H. Coffield.

Rockdale Texas, May 17th, 1931.
Joe Dancinger,
Austin, Texas.

We are opposed to the Howsley Bill ten fifty-two in its entirety.

Gaither Production Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Austin, Texas.

We oppose Howsley Bill ten fifty-two in all its phases. Please aid every independent in Texas by fighting its passage.

Bynum Oil Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Driskill Hotel, Austin, Texas.

We are against Howsley Bill ten fifty on proration.

Bowman Oil Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Austin, Texas.

We are against Howsley Bill ten fifty-two and are willing to do anything in our power to prevent its passage.

Wahpoo Oil Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Austin, Texas.

We are asking our Senator and representative to oppose the Howsley Bill Number ten hundred fifty-two. We are opposed to this bill and consider it against the interest of small companies in which many Texas citizens have their money invested.

Union Production Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Driskill Hotel, Austin, Texas.

We oppose Howsley Bill ten fifty covering proration.

Triangle Oil Co.

Rockdale, Texas, May 17th, 1931.
Joe Dancinger,
Austin, Texas.

Please do all possible in opposing the Howsley House Bill Ten Fifty-two as its passage will mean destruction to the independent. We are against this bill.

Noack Oil Co.

Letter:—

San Antonio, Texas,
May 18, 1931.

Mr. Joe Dancinger,
c/o Danciger Oil and Refining Co.,
1402-6 Waggoner Bldg.,
Fort Worth, Texas.
Dear Mr. Dancinger,

We are unalterably opposed to Howsley House Bill No. 1052. We have many objections, all of which we think are good. One objection would seem to be ample to defeat the bill, viz: who will decide how much oil is necessary for current demands? The major companies will decide that question by limiting their purchases. They will therefore, control the general situation under that provision of the bill.

The independent producer will soon pass out of this bill becomes the law.

Please accept our thanks for your active opposition to this destructive legislation.

Yours very truly,

Frontier Oil Company,
By: Alexander Boynton.

Telegram: San Antonio, Texas, May 18th, 1931.

Joe Dancinger,

Driscoll Hotel, Austin Texas.

Consider Howsley bill in restraint of free trade and development therefore generally detrimental to people of Texas especially land owners and independent oil operators. Numerous others interrogated concur this opinion.

Texas Petroleum Company.
Saratoga, Texas, May 18th, 1931
Rep. Grogan, Care J. O. Dancinger,
Driskill Hotel, Austin, Texas.

We are opposed to Howsley House Bill No. 1052 legalizing proration.

Gladys Oil Co.
5 Saratoga, Texas, May 18th, 1931.

Senator Cousins,
Care J. O. Dancinger, Driskill Hotel,
Austin, Texas.

We are opposed to Howsley House Bill 1052, legalizing proration.
Gladys Oil Co.

Saratoga, Texas, May 18th, 1931.
Rep. Grogan, Care J. O. Dancinger,
Driskill Hotel, Austin, Texas.

Imperative the Howsley House Bill 1052, be defeated to prevent completely ousting the independent producer.

Weldon Oil Co.

Saratoga, Texas, May 18th, 1931.
Senator Cousins, Care J. O. Dancinger,
Driskill Hotel, Austin, Texas.

Imperative the House Bill 1052, be defeated to prevent completely ousting the independent producer.

Weldon Oil Co.

Saratoga, Texas, May 18th, 1931.
Senator Cousins, Care J. O. Dancinger,
Driskill Hotel, Austin, Texas.

We are bitterly opposed to Howsley House Bill 1052 or turning our business over to centralized power.

E. W. Skinner Oil Co.

Ardmore, Okla., May 17th, 1931.
Joe Dancinger, Driskill Hotel, Austin,
Texas.

This is to authorize you to represent us in hearing before Railroad Commission on following conditions we are opposed to any enactment either by legislation commission or court to place the oil business in the hands of a few which means the elimination of the few independent oil producers left and would say that we should be able to handle our own affairs to the satisfaction of ourselves and associates without dictation from the commission or major companies advocating laws strictly in their favor and thereby control our Government we are not opposed to proration providing it stabilizes the price and market and is handled ratably we also advocate the stopping of drilling wildcat wells more than one well to ten acres in proven territory.

Westheimer and Daube.

The Chairman: Mr. J. M. West of Houston is the next witness.

J. M. West having been duly sworn, testified as follows:

The Chair: Mr. West, will you please announce your name and initials and your residence and business.

A. J. M. West, Houston, Texas.

Questions by Senator Purl.

Q. You live in Houston, Texas?

A. Yes, sir.

Q. How long have you lived in Texas?

A. More than forty years.

Q. During that time you have been engaged in and are now engaged among other things in the oil business?

A. Yes, sir.

Q. Do you have some oil companies now?

A. Yes, sir.

Q. What are the names of those companies, if you don't mind?

A. Well, there is the South Texas Petroleum Company, Production Company, and The Cullen West Company, and I have another one, I cannot recall the name now.

Q. In what section of the State are they located?

A. Strictly altogether in the Gulf Coast area.

Q. You are here in Austin on other business and are interested in legislation, that is this bill that is now pending, as an oil operator and as a citizen?

A. Yes, sir, I am interested in this bill.

Q. Will you tell the Committee your idea of what sort of bill we should have, if any, and the general situation, and any information that will tend to aid the Senate in passing any bill?

A. I want to go on record as being opposed to any legislation intending or calculated to deal with economic waste. I think you have a sufficient law already to protect every one if it is enforced.

Q. If it is enforced?

A. Yes, sir.

Q. Have you had experience in any oil business, dealing with pipe line companies?

A. Yes, sir.

Q. Have you any views you wish to express concerning the present pipe line law, or any needed addition to it?

A. Well, none except I think our Railroad Commission, or whatever Commission is charged with the re-

sponsibility should fix the rates of the pipe line from time to time. I don't think it should be left to the pipe line companies to fix their own rates.

Q. Are they now being left to fix their own rates?

A. I understand they are.

Q. Do you think the oil situation in Texas could be cured to a great extent if we should pass a pipe line bill, or give the Railroad Commission proper money to enforce the present law?

A. I wouldn't say that changing the rates would meet the situation any. The rates may not be too high, I don't know, but the principle is wrong.

Q. Tell how it works under the present law in your operation?

A. It is just the same thing as permitting the railroad companies to fix their own rates. If I have a pipe line and was permitted to fix the rates I would fix it high enough to protect Jim West.

Q. Has it been your experience that oil companies sometimes lose money on their operations but make it up on pipe line?

A. That is what they claim. I have not heard of them losing any money on the pipe line.

Q. You are an independent operator?

A. I think so.

Q. You are not affiliated with the major companies, so called?

A. Well, I am operating one property with a major company, they have an interest in it.

Q. Well, to sum it up is it true that you believe we now have adequate laws to enforce against physical waste?

A. Yes, if they are enforced, but I don't think they are enforced.

Q. You don't know why, whether they have not had enough money or what?

A. No, sir, I don't know why, I wouldn't undertake to say.

Q. But as an oil man and a citizen of Texas, you do not believe that the Legislature should attempt in any way to include in any bill economic waste and market demand.

A. I do not.

Q. Do you believe that the law of supply and demand will take care of itself?

A. I think so. The whole trouble

is centered up here in East Texas and I think if let alone it will adjust itself pretty soon, other fields have done the same thing. I don't think the whole State of Texas should be affected by one little neck of the woods up there.

Q. About what is your production annually?

A. It varies. we are producing around forty-five hundred to five thousand barrels per day at present time.

Q. How long have you been engaged in the oil business?

A. About fifteen or sixteen years.

Q. Is the coast country subject to proration orders now or are they exempted under the rule?

A. I think they are exempted, we are not under proration.

Q. You are not affected by that at all?

A. No, sir.

Q. Mr. West, your statement that the present laws are adequate if properly enforced,—I want you to tell us a little more about what provisions in the law are not being enforced that you think if they were enforced it would redound to the public good, and for conservation?

A. Our greatest trouble in physical waste is line fights. I don't know whether the present law is sufficient to control that, or not; if not, it should be.

Q. I didn't get that.

A. Our greatest trouble in physical waste right now is line fights. For example, last year, or year before last, we had a line fight down in South Texas,—we got in a line fight with one of the major companies. There was only about twenty or twenty-five acres that produced on both sides of the line, and we were forced to expend between five and six hundred thousand dollars to protect our line, and the major companies did the same thing, when possible fifty or seventy-five or a hundred thousand dollars would have produced all of the oil.

Q. If the present law had been enforced, how could that have eliminated that?

A. By defining how close we should come to the line, and how far apart we should put our wells.

Q. You think they could do that under the present law?

A. I am not sure. I rather think they can. Of course, there should

be provisions made for it. We spent to produce that oil five or six hundred thousand dollars more than we should have spent. That was money I could have paid our stock holders dividends with for two or three years, and nobody got the benefit of it, but we had to do it in order to protect our property. We tried to make an agreement with them, and they would not do it because they thought they were big enough to run in there and hog us out of it before we could get it. We happened to be in position to buy five or six big rigs, and line right up beside them and get as much oil as they did. Finally they notified us that if we did not quit drilling wells they couldn't take our oil, they had no place to put it. We threatened them with the Attorney General, and they immediately came back and said they would take the oil.

Q. That leads me to ask two more questions. The first is this present condition between who killed my dog and who killed my cat in East Texas—you don't think the independents are to blame for it any more than possibly a large number of others?

A. No.

Q. Now, another question. Your statement that this company threatened not to take your oil, do you think that the common purchaser and ratable takings provision of the present law are being enforced like they should be?

A. I don't know. I haven't operated up in that East Texas field, and that is the only one in question as I understand the matter.

Q. You haven't had any trouble getting a hook-up to the well have you, down there? In other words, you haven't—

A. Not lately.

Q. Do you own your own pipeline facilities in the field where you operate?

A. No sir, we are at the mercy of the major companies.

Q. Have they ever refused to hook up with you?

A. They notified us if we didn't quit drilling those wells, that they wouldn't take it.

Q. Did you quit?

A. No.

Q. They took it, didn't they?

A. Yes sir. I would like to read you a letter, but it has no place here,—a self-serving letter to show how they acted.

Q. Let us say that if in East Texas it could be shown that there has been as high as one hundred and fifty or sixty or seventy wells, and they refused to hook up with them, wouldn't that place them in a position to where they would have to sell at disastrous prices or do most anything to try to save themselves?

A. You mean the independents?

Q. Yes.

A. Surely.

Q. I think the record shows that there have been times over there when a large number of very large wells that they wouldn't hook up with. If the common purchaser and ratable takings provisions of the bill passed two years ago, I believe it was, or a few years ago, I don't remember how long, if they were being enforced today, wouldn't it alleviate that situation that would cause an independent to have to sell at cut-throat prices, if he could get a hook up and get the posted price? That is, taking for granted the posted price was fair?

A. Certainly not. The only one that I see that would be helped if this conservation bill that the Governor wants is passed would be the major companies. I don't see where it would help the independents in any way.

Q. That makes me ask you another question. I am not an independent, and I am not a major company, either one,—but as a citizen, I am a buyer of the products. Now, what do you think would be the result of a conservation statute on the buying public?

A. Here is what would happen: In this East Texas field for example, they would prorate them down, the major companies would prorate them down to where they couldn't live, and in a short time the land owners and royalty owners and everybody else would become disgusted and sell out to them at some ridiculously low price and they would take it and shape it up and operate it and make money. In the meantime, they would give the independent a little

money so that he could go find another field so they could go hog him out if it as soon as he got it.

Q. That answers it all right, but that is not quite what I asked you. I am asking about the buying public, if you by artificial methods raise the price of crude, which automatically raise the price of the refined article, how is that going to affect the man that has none to sell, but wants to buy?

A. I don't know.

Q. Will that redound to his pecuniary or economic benefit?

A. I think so.

Q. You think it would?

A. I don't understand your question, maybe.

Q. I am asking you a question with reference to the public out here on the outside that is not connected with a major company, not connected with an independent company, has no lease to sell, but wants his Ford or Chevrolet filled with gasoline and lubricating oil. Now, if an artificial method or statute is passed so that crude will go up and refined products go up, will the public have to pay?

A. They will have to pay more for their oil, certainly.

Q. Mr. Holmes, of the Texas Company, and Mr. Farish of the Humble Company, and I understand perhaps others, have frankly told the Legislature that it would be essential from the standpoint of relieving the price that we ought to have in this bill, or some other bill, market demand and economic waste. What would be your idea, if we should put that in there, would it be the last of the independents in Texas, or would it help them?

A. Well, as I stated a while ago, it would put the independents out of business. I noticed Mr. Holmes suggested advocating the repeal of our Anti-trust laws. He wouldn't last six months if they would repeal the Anti-trust law.

Q. They would swallow him up?

A. They would kick him out right now.

Q. Do you mean the Texas Company couldn't survive?

A. No sir, it is not big enough, if the Anti-trust law was repealed.

Q. Would it not result in there

being but one or two companies in Texas?

A. If the Anti-trust laws were repealed, there would be nobody in Texas but the Standard Oil group which is just about as powerful as the government.

Q. We have run them out one time, haven't we?

A. We run them out twenty years ago.

Q. You think if we passed a bill with market demand and economic waste in it, it would serve the dual purpose of nullifying the Anti-trust law and giving the Standard Oil Company absolute control in Texas regardless of what the motive was behind it?

A. If they saw fit, yes sir.

Q. I believe that is all.

Questions by Senator Woodward.

Q. Did I understand you to say in your opinion that the suggested legislation by the Governor would benefit the majors more than the independents?

A. That is what I intended to say. I don't know what I said.

Q. Will you give to the committee the benefit of your views in respect to the part of the law that would do that?

A. Well, this conservation bill as I started a while ago—conservation means proration, and proration means complications and complications mean ruination or starvation, and that is what would happen.

Q. Then you believe under strict conservation it would benefit the majors rather than the independents?

A. Certainly.

Q. Sir?

A. It certainly would. They would just prorate them right out of business.

Q. You draw a distinction between conservation and proration, don't you?

A. Well, it is about the same thing.

Q. It all means the same thing, as far as you are concerned, Mr. West?

A. Yes, sir.

Q. So you believe, or do you believe a strict conservation measure that does not take into considera-

tion excess production over and above market demand would nevertheless injure the independents?

A. I think so.

Q. Mr. West, you are in the lumber business, aren't you?

A. Yes sir.

Q. What is your connection with the Southwest Lumber Company?

A. President.

Q. As the president of the Southwest Lumber Company, are you the holder of any timber land?

A. Not now. We have been in the milling business, but we are not now.

Q. Do you believe in conserving the forests and the timber?

A. I think it is impractical. We worked on that for a number of years and gave it up.

Q. You would not endorse any conservation measure in reference to timber lands?

A. No, sir, I would not.

Q. And you would not endorse a conservation measure in respect to any of the State's natural resources?

A. I don't think so, especially oil and timber.

Q. You are against not only conservation, but you are against proration, or anything that is akin to either of them?

A. I think matters will adjust themselves. They always have, and always will. This oil up here in East Texas is not inexhaustible and if the Legislature will let them alone, they will find some way out of it.

Q. Mr. West, do you think it would be wise for the State to sit idly by and see a man produce oil from a well that was endangering adjoining wells by the flow of salt water?

A. No, that is physical waste. That is the point I tried to make a while ago. Those things should be regulated by the Railroad Commission, or some other commission.

Q. How would you prevent that physical waste—would you do it to conserve the oil?

A. I would do it to conserve the oil.

Q. That would be conservation, wouldn't it?

A. Conserving the property. But I am speaking about that line fight. A company has got ten thousand acres of land, and wants to go in the center and drill forty wells. That is nobody's business. But if he is

going around a line and putting a well every one hundred feet from his neighbor, I would say, he ought to be protected.

Q. If you agree with the principle of regulating a man producing oil in such manner as to endanger other wells by encroachments of salt water, you believe in conservation to that extent, don't you?

A. Nobody deliberately drills a well to bring in salt water, you know. Every man in the oil business is after oil.

Q. Then you do believe in conservation?

A. Yes.

Q. Do you believe in the proper spacing of wells?

A. I certainly do, especially on lines.

Q. Why?

A. As I stated a while ago, there is a lot of money wasted unnecessarily. Just as in my case with the Texas Company when I had to spend five or six hundred thousand dollars when a hundred thousand dollars would have answered the same purpose.

Q. That is for the purpose of conserving oil?

A. Yes sir.

Q. You believe in conservation to that extent?

A. Yes sir, but that is willful waste, those kind of things.

Q. I believe that is all.

Questions by Senator Cousins.

Q. In saving the number of wells, and having regulations so you will not have to drill so many wells, that is not conserving oil, that is conserving money.

A. It is conserving oil and money too. You don't get the oil you would if you would space your wells apart and handle them in an economical way, and conserve you gas also.

Q. If you put them too close together, you get less oil?

A. Yes sir, as a general proposition. I am speaking about these line fights, you understand, where some of the major companies have taken a notion they will wear a little company out, knowing that he can't offset all those wells.

Q. That is all.

The Chairman: Any further questions? If not, I want to thank Mr. West for his presence and express

the appreciation of the committee for his testimony.

Thereupon, Robert E. Hardwick, was sworn as a witness and testified as follows:

Questions by Senator Purl.

Q. As briefly as you can, and not going into any more detail than you think necessary, I want to ask you if you were not interested as an attorney in this McMillan case, on one side or the other?

A. Yes.

Q. That trial was held in Houston, was it not?

A. Yes.

Q. Judge Hutcheson, of the Circuit Court of New Orleans was one judge?

A. Yes.

Q. Who were the other two.

A. Randolph Bryant of Sherman, a District Judge, and Duvall West, of San Antonio, a district judge.

Q. You appeared and made a statement before the court in behalf of your client?

A. Yes sir. Mr. Marion Church and myself assisted the Attorney General in the trial of that case.

Q. I want to ask you whether or not, if you remember, you made any statement to the court to the effect that so far as physical waste is concerned, the Legislature has already amply legislated on that subject?

A. Substantially so, yes sir.

Q. Did I state the question correctly? Do you want to elaborate on it?

A. I have stated several times before committee hearings in the House and probably in this case, that probably the present conservation laws are sufficient, if they could be plugged up in a number of places and should be plugged up to meet questions which are now in the courts and not wait for the decision of the court to decide who is right and who is wrong.

Q. Did you help to write the so-called Emergency Committee Bill?

A. Yes.

Q. Does that bill limit the output to market demand?

A. Yes.

Q. In that bill, did you take into consideration, or was it your purpose to put into the bill market demand because you felt that physical waste had already been properly cared for?

A. We take the position, and the District Court here in Austin sustained it, that production in excess of market demand, or words which are equivalent of that, results in physical waste. I personally still think so. However, good lawyers have taken the position that probably the statute does not mean that. Consequently it would be safer to put in market demand and plug up the holes which may exist if the Supreme Court does not follow the District Court's decision. I would do that as a matter of precaution, even if I thought the present statutes were sufficient. But please do not misunderstand me.

I say that physical waste inevitably results in producing, whether the market demand or the equivalent—whatever the words you might use that are the equivalent of market demand, consequently economic waste is not involved.

Q. Yes, sir.

A. The District Court of Travis County in the Dancinger case upheld that theory.

Q. Do you think it possible to work out any kind of proration scheme—and I say “proration scheme” in the proper sense—in any bill that does not take into consideration market demand?

A. Broadly, I would say no.

Q. Now, explain that in detail if you care to.

A. Don't misunderstand me. I think the actual words “market demand” may be unnecessary, but the scheme to be really effective to prevent physical waste—any economic waste—must take into consideration excess production and what happens when there does exist excess production. Now, “excess production” may mean the same as “market demand,” or you might call it “production in excess of requirements for current use and consumption.” In other words, I don't care about the words; it is the idea I am dealing with. Now, I shall try to explain that, if you wish me to do so.

Q. Mr. Hardwick, I have great respect for your legal ability and I would like to turn you loose with this in mind; I am opposed to any bill that has “market demand” and “economic waste” in it. Now, I would like for you to explain to the committee from your standpoint, first whether or not we will have legislated in vain if

we don't put "market demand" in it and also tell it from your viewpoint, however you see it.

A. Yes, sir. In the first place, I am myself, I think, against any legislation that deals with economic waste in its entirety. Economic waste is rather a broad term. The use of gas, for instance, for making carbon black may be an economic waste; in fact it could easily be so, and I might be against it or in favor of it, but economic waste in its broadest term, I think, ought to be prohibited. That would include, for instance, from preventing a man from using a gold derrick instead of a wooden derrick, and drilling four wells when he could get the same amount with one; that is economic waste. Certain types of economic waste should be prohibited. Now, let's see how excess in requirements of market demand has any relation to physical waste. Let us assume a field which produces one hundred thousand barrels of oil a day; let us assume that every barrel of that oil is being properly produced; there is no underground waste, there is no storage; everything is being operated perfectly; the oil-gas ratio is proper; you have an absolutely ideal condition. Let us assume that there are two people who are buying that oil, independents or majors, it is wholly immaterial; they are purchasing every barrel of that oil. Let us assume, as has happened, that one of those purchasing companies or individuals withdraws from that field. He has been purchasing one-half of this oil. That leaves, then, a purchaser for that field which is producing one hundred thousand barrels under ideal conditions with a market demand or a requirement or an outlet, whatever you choose to call it, of only fifty thousand barrels. Now, I ask myself what reaction takes place when that purchaser of fifty thousand barrels withdraws? It occurs to me that one of two things must happen; that the producers continue to produce one hundred thousand barrels under their ideal condition and can only sell twenty-five thousand barrels of oil. You are consequently going to have to store the other twenty-five thousand barrels, if you have got the storage. Let us assume that you have got the storage. If there is no demand within a reasonable time for that oil, I reach the conclusion—or maybe I should say that these are not necessarily my own

private ideas; I have gathered them in these hearings, etc; it is not my originality at all. The conclusion would be reached that that would be oil that was not reasonably needed for current requirements. Now, that could be for use in refineries or putting on roads or maybe to hold for a reasonable length of time for continuity of operation, some storage, of course, being absolutely necessary in the oil business. But if there were no real, immediate need for that fifty thousand barrels of oil it would appear that that storage would be unnecessary. Any storage creates physical loss. It is utterly impossible under any known method of storing oil to prevent evaporation. That evaporation varies, depending upon the amount of time it has been in storage, on the type of storage, on the heat, and on this, that, and the other. I think the figures in most of the hearings will show that the evaporation in Texas is probably five per cent the first three or four months. Now, Mr. Nazro in his statement the other day said one per cent per annum, and he very carefully pointed out that he was talking about settled oil, not flush oil or new oil. I understand flush oil, particularly of high gravity, will evaporate about five per cent the first few months and then your one per cent begins. He didn't make it clear about five per cent. Now, if you have got an enormous amount of oil, this fifty thousand barrels, which is not necessary and required, and you evaporate five per cent of that the first few months, or three per cent or six per cent or two per cent a month, depending upon varying conditions, it occurs to me that that oil unnecessarily in storage creates unnecessary physical waste, because when that oil goes up in the air it is lost just as if you had poured it down into a river in the beginning.

Q. Now, Mr. Hardwick, I don't want to interrupt you, but the time is going on and I want to ask you some questions; it may be that the members will give you a little more time.

A. All right.

Q. This case that was before the Federal Court—(question interrupted.)

A. Please understand that I had not finished answering the last question yet.

Q. Well, will it interrupt you?

A. No, indeed; but I don't want it taken that it was a complete answer as to the relation of market demand to physical waste—that is only a third of it.

Q. Now, this Federal Court, that Senator Small calls the lower court, of course, there was one Circuit Judge on it. That is known as a Three-Judge Federal Court. Now, it will probably be appealed—that case.

A. I understand so.

Q. And go on up?

A. Yes, sir.

Q. Now, then, I understood you to say, and I might have misunderstood you, that this present law is questionable in the minds of attorneys, as to whether it now takes in market demand?

A. Yes, sir; it has been questioned by the most reputable attorneys.

Q. Fine lawyers and skilled lawyers are divided on the question?

A. Yes, sir.

Q. If that be true, in view of the fact that this case has started on up, do you not agree that it might be a good thing, as far as the market demand feature is concerned, not to attempt to legislate on this question, but let that question be settled in the courts?

A. In the first place I don't think it would be settled in that case. In my opinion, the opinion dealt with as to market demand in that case was not in the case at all. We told the court we thought that particular case had nothing to do with the market demand theory. The court went off on that, anyway. Of course that is still questionable. If market demand is a proper basis to use for proration or conservation, the Legislature has the right to do that, even if the Supreme Court should hold the right did not exist under the old law; so this Legislature could act one way or the other, without waiting for this.

Q. The Legislature could put market demand in it if it thought it for the best?

A. Yes.

Q. The Governor has called us down here, and has appeared before the committee and has stated that he does not believe, and is not for a bill that has market demand?

A. He told me that.

Q. And Senator Woodward doesn't want to put that in the bill, and he has introduced another bill to make doubly sure it is not in there.

A. Yes, sir.

Q. And no Senator or Representative has seen fit to introduce a bill on that subject; that is true, is it not?

A. Yes, sir.

Q. Now, in view of the facts you have stated, do you think the law amply covers physical waste?

A. It can be helped considerably.

Q. Sir?

A. It is reasonably sufficient for physical waste; they are fairly good.

Q. Then, so far as those who believe in market demand are concerned, like the Texas Company and the Humble Oil & Refining Company, and other companies in Texas, the quicker we can find out, in your opinion, whether or not the Legislature is going to put market demand in it—there would be a big difference as to whether or not the Legislature should continue to fuss over a bill down here?

A. That may be true.

Q. Would there be any serious harm if this Legislature doesn't put market demand in this bill? Would Texas be seriously affected by not attempting to pass a conservation bill at this time?

A. If you undertake to regulate and prevent evaporation from excess storage; if you undertake to prevent the effects of unequal withdrawals,—if you understand the term—you must inevitably go back to market demand or its equivalent; and as far as I can figure out, you cannot perform those two duties of preventing waste without taking into consideration market demand or its equivalent; it is physically impossible to do so.

Q. The Legislature has hardly taken a step, in your opinion, unless we do put in market demand and economic waste?

The Chairman: It lacks only two minutes of your time being up, Senator.

Senator Purl: I am nearly through with him myself. I think they will give him more time.

A. I will say this again: If the Legislature desires to prohibit such

waste as will occur from excessive and unnecessary storage, and if the Legislature wishes to prevent waste which will take place by unequal withdrawal, dissipation of gas energy, and probably premature water encroachment, whether you put it in the law or not, you have got to consider market demand, or its equivalent. If you don't do it, you practically get nowhere. To a certain extent, yes, of course; but it is not effecient and effective.

Q. I want to reverse myself now, for the purpose of a question. Suppose I wanted market demand and economic waste, and had determined I would not vote for the Woodward Bill unless it did have market demand and economic waste in it. In order to be consistent, would I vote against it?

A. I can't quite see that economic waste and market demand are the same thing at all.

Q. Are either one or both in the Woodward Bill now?

A. To a certain extent, yes. I think if you follow the Woodward Bill out with your unnecessary storage, your unequal withdrawals, your dissipation of gas energy, then your Railroad Commission or conservation commission must practically proceed on market demand, and if you say that you shall not—I forgot just the language—there may be some economic waste in it. For instance, if that bill prohibits the use—and it may be present law does, I think, deal with economic waste itself; the present law says you shall not—just a minute—"a wasteful utilization of natural gas;" now, that is economic waste; that is using it for an inferior purpose; and I might be in favor of such a thing as that; but properly speaking, economic waste and market demand are entirely different things.

Q. Then economic waste is not in the Woodward Bill?

A. I think one provision, "the wasteful utilization of natural gas," deals with economic waste.

Q. Then, if a person wanted that economical waste feature, could he safely vote for the Woodward Bill?

A. Yes, sir; because such definitions as are in there, which include economic waste, I think any man would be in favor of.

Q. By the same token a man who did not want that would not vote for the Woodward Bill?

A. Probably; I don't know.

Senator Purl: That is all. I want to ask the unanimous consent of the committee that the witness's time be extended. He is the only lawyer we have had on the stand.

The Chairman: All right.

Questions by Senator Woodward.

Q. Mr. Hardwick, I don't believe that the committee has or will exactly understand your statements in reference to the particular bill inquired about. I believe I know your ideas probably better than some of them. They might have gotten the idea from your answer that your construction of this bill—I presume you have seen the substitute that is to be offered?

A. I saw it today for the first time, but have not read it.

Q. It is possible the committee might have understood you to mean that under the bill that authority was given to the commission to take into consideration the reasonable market demand as a basis for determining waste.

A. I think it does.

Q. In what particular, do you believe that?

A. As I understand your bill, it provides for waste in all its forms, including the following—even if excessive storage were not put in as one of the specific definitions of waste, the use of the term "waste" by itself would, in my opinion, include waste by unnecessary storage. You certainly have provisions and subdivision dealing with dissipation of gas energy, water encroachment, and all of those things that constitute underground waste. I say if you once deal with waste from unnecessary storage, and if you deal with underground waste, you inevitably take into consideration the equivalent of market demand, whether you say you are or not.

Q. That is what I wanted to make clear.

A. Because I don't know how you would determine what was unnecessary storage without finding out what was necessary storage, and the only way I know of to find out what is necessary storage is to determine what industry needs for current consumption and use, plus a reasonable

reserve, so that you might have a continuity of operations. That is an equivalent of market demand in a way, so far as I see it. If you stop excessive storage, you reach automatically practically the same thing.

Q. It is your school of thought, so to speak, when any commission deals with the question of physical waste, it necessarily involves economic waste?

A. No; I am not talking about economic waste at all, no, sir. I don't care about economic waste. I say that physical waste results whenever there is excessive storage. How can you determine what is excessive storage without finding out what is necessary storage? How do you find out what is necessary storage? It is the amount of storage that is proper for current consumption and use and for being protected against not having any oil when you need it in your refinery operations. That would be the equivalent proposition more or less of market demand. Let's tie this on now. That pre-supposes that you are going to store this oil; you are going to produce this fifty thousand we were talking about a while ago. Now, what is going to happen when you can't store this oil? Maybe you haven't any storage; some producers have and some have not. What is the physical reaction which takes place when you can't store the oil you are producing? Here is this fifty thousand barrels, we assumed a while ago. There is no storage for it. Now, what can those producers producing that fifty thousand do? They either run the oil out on the ground, in order to keep on a parity with their neighbors, and simply produce it at the same rate, or they close in their wells in order to prevent running it on the ground. When you close in the wells producing the fifty thousand barrels, which were hooked onto this one purchaser, and let the other people produce their fifty thousand barrels, then you have inequality in the use of the gas pressure; you have unequal withdrawals, and all this underground waste, which would take place under those conditions. Now, your bill says that is prohibited. All right; how are you going to prohibit it; how are you going to put a prohibition of that condition? The first thing you would do, we will say, fifty thousand is withdrawn. We will apply our common purchaser law and make these

purchasers who have been taking the fifty thousand distribute that production throughout the field, and put them all on an equal basis. When you do that, you have all the different producers selling ratably their fifty thousand barrels, and those fellows all having a market you have cut out your unequal withdrawals; you have no storage, and no necessity for storage, because you sell every barrel of it; but when you have done that very thing, you have taken market demand into consideration, because the market demand was for fifty thousand barrels only; and that is the only basis you can proceed on.

Q. Mr. Hardwick, in the bill before the Senate this provision appears, which is the same as in Article 6014, with which you are familiar: "Neither natural gas, nor crude petroleum shall be produced, transported, stored, or used in such manner, or under such conditions as to constitute waste, provided, however, this shall not be construed to mean economic waste." In the bill the Emergency Committee prepared, we have section (g) reading: "Waste incident to, or resulting from the production of crude petroleum oil or natural gas in excess of the reasonable market demand for such commodities, for current consumption or use within or outside of the State of Texas, plus such amounts as are necessary for building up or maintaining reasonable reserves."

Q. Now, if in any bill, there should be included the definition which I have just read of waste, which is in excess of reasonable market demand, that would expressly authorize the commission to take into consideration the reasonable market demand for oil or gas in determining the amount that would be allowed to be produced in Texas, would it not?

A. Yes, sir.

Q. Now then, under the bill we have just discussed, referred to as my bill, although I did not write all of it, what provision is there in this bill that authorized the commission to take into consideration the reasonable current market demand for oil and gas? Now, if it is in there, and you can point it out, I want to take it out?

A. It is not in there in direct language.

Q. Where is it in there in indirect language?

A. When you say waste in all its forms, you include storage.

Q. Yes, but I don't say that. We define waste, as I construe it.

A. Let me see it. Is this the last bill?

Q. Yes.

A. It says crude petroleum shall not be produced, stored or used in such manner as to constitute waste.

Q. Now, let me ask you this question; that word waste will be given the definition as defined by the act, won't it?

A. Yes, sir, but you say as used here in addition to its ordinary meaning, the term waste shall include this, that and the other, and one of the ordinary meanings of the word waste is to permit it to evaporate in the air, therefore, that comes within the ordinary meaning of the word waste.

Q. Now, on the question of reasonable market demand, I want you to point out where indirectly that is in there, then we want to write in there in direct language that they can't do it?

A. You would not have much a law if it did say it.

Q. That is because you believe in dealing with physical waste, you must necessarily take that into consideration?

A. Yes, sir.

Q. And it is not because of the right that is given to the Commission to take it into consideration, but you believe and follow that school of thought that any law which authorizes a commission to prohibit physical waste in all of its aspects necessarily involves taking into consideration reasonable market demand?

A. Absolutely. That is the view that the District Court takes, it is physically impossible to do that without taking into consideration market demand or some equivalent language.

Q. In other words, Mr. Hardwick, I think I can get before the committee what I was trying to get a while ago. You believe that regardless of the wording of the act in any law that gives the Commission the power to prevent physical waste necessarily implies that they take into consideration reasonable market demand?

A. Yes, sir, that is exactly my viewpoint. That is why I say it is really covered in the present law, and so held by the District Judge after a two weeks' trial.

Q. Now, that is the position you will take in your appeal, or in your re-hearing in the Houston case?

A. Yes, sir.

Q. Is that under the existing laws that is absolutely permitted?

A. Yes, sir. Let us clear up a little about the Houston case, because there seems to be some confusion about what that court held and what was involved. The court held that the proration of the wells in the East Texas field was based on the market demand; prorating on market demand was dealing with economic waste; that economic waste was specifically prohibited by the statutes. The first question is one of fact; was the East Texas field prorated on the basis of market demand? It is our position that it was not in any way, and the Court is absolutely wrong in so holding or assuming. The question of market demand was not really involved in that decision. It was in other parts of the State, but it had nothing to do with East Texas order, therefore, we thought that portion of the opinion was on an erroneous assumption of facts. We did not even argue in that case and so told the court that we thought market demand was not in that case and there was no use in taking up the court's time fooling with it and we did not. Now, we further take the position that if the market demand had been in that case we would have proved perhaps that market demand has necessary relation to physical waste and is not economic waste, just as you have explained here, but we did not argue it because we did not figure it was in the case at all. Just as I have explained here, the court said proration on market demand is economic waste, I say the court is wrong. If the court is correct in so holding that prorating on market demand is economic waste I would write the same opinion they did except with a little more temperate language.

Q. May I ask you this question: If the opinion of the Federal Court remains the law then under the bill that you have before you, or even under our present law, the commis-

sion would not have the power to take into consideration reasonable market demand would they?

A. Without assuming that market demand was in that case, and assuming that the Supreme Court of the United States upholds that decision, then certainly you could not prorate on market demand, but this is true also; this is a Federal Court decision, and it is not binding on the courts of this State. The courts of this State may hold directly to the contrary and when they do the Supreme Court of the United States will follow the construction of the statutes as to the powers of the commission as announced by the Supreme Court of the State of Texas.

Q. I understand that, but want to ask you this; if the Federal Court decision remains the law, I mean if our State court follows that, and if it remains the law, then under what they refer to as the Woodward Bill, it is a dead moral cinch they could not take into consideration reasonable market demand?

A. Absolutely.

Q. Then so far the bill you have before you follows the decision of the court in Houston, doesn't it, by re-writing Articles 6 to 14?

A. Assuming that the commission does not undertake to do it.

Q. I mean under the circumstances as they are now?

A. Yes, sir.

Senator Hopkins: I would ask you a few questions.

The Chair: Senator Hopkins.

Questions by Senator Hopkins.

Q. Mr. Hardwick, would it be your opinion that if we would enact a counter injunction law, what is known as the counter injunction law, which would allow the Railroad Commission to obtain a counter injunction and reversing the order against those who obtained an injunction against this proration order and placed back into effect the present monetary penalties for the violations of the order, that sort of machinery set up with which to give power to the commission to enforce the present proration law, wouldn't it nearly cure the situation in so far as inability of the Railroad Commission to enforce its orders are concerned?

A. If you set up the procedure

and the injunctions as you speak of that would certainly put to a large extent hold the matter in fair condition until the Supreme Court acted and construed what the law meant. Of course, it maybe that the Supreme Court may take the position, it is quite conceivable, in fact I am not as cocky about it as I was before the Federal Court rendered that decision, the Supreme Court may hold you can't prorate on market demand, however if that is necessary to prevent physical waste then you have got another session of the Legislature. Now, under the bill that is in mind, the Railroad Commission is a body with delegated authority. The Legislature can't go out and pass a law and say Railroad Commission will you please stop all abuses in the oil business? In other words, it is too indefinite. The Legislature must to a certain extent give some sort of a standard or show clearly the legislative intent, before the Railroad Commission can act. Now, that is one of the reasons for suggesting a new bill, in order to set out more clearly, beyond any question of a doubt, the intention of the Legislature as to just what the Railroad Commission shall deal with. Now right there, that can be done, that is the proper machinery for the enforcement of the conservation law, that can be done in your opinion safely without a new commission, isn't that your position?

A. I am not interested in the new commission. I have eliminated that. That is a question of politics and administration that I as a lawyer have nothing to do with.

Q. But from your standpoint as a lawyer that situation could be cleared up, giving proper machinery to the existing governmental agencies without the necessity of creating a new governmental agency?

A. Without any doubt. One other idea, you suggested about putting the penalty back into the statutes. It cannot be done. You have got them in there already and you cannot enforce them as long as a man is litigating in a bona fide suit to test out the validity of the law, you cannot apply any penalty whatever. The right to a penalty exists only after the law has been declared, or the order we will say, constitutional, and comes after the proposition as to whether by filing his law suit he is acting in good faith

or not, so you can't go any further with that if you write bills all day.

Q. But you do think that the counter injunction, if it could be enacted, that it would be meritorious?

A. Yes, sir, under certain conditions, but we undertook to meet that in the emergency bill.

Questions by Senator Purl.

Q. What companies are you employed by?

A. None whatever.

Q. Do you represent any oil companies?

A. Yes, sir, I have.

Q. I mean down here.

A. I am not employed by any oil company at all on a retainer. I am in the general practice and take whatever comes. I have done business for some of the oil companies in the past.

Q. What companies were they?

A. For what period of time?

Q. In the last year. Are you now receiving retainers from any oil companies?

A. No, sir.

Q. Now, this last question: Considering the Woodward Bill as it is now, if we should tack on an amendment, not change the verbiage, but just tack on one section and make it read that the Railroad Commission is expressly prohibited from taking into consideration economic waste and market demand would that nullify any other section that did give them authority to do it.

A. I think it would.

(Whereupon at six o'clock, p. m., the Chair advised the Committee that the time had arrived when under the Resolution the Committee should close the hearing, and upon motion duly made and seconded and carried the Committee closed this hearing.)

Bowles' Exhibit No. 1.

ASSETS OF THESE 10 BIG COMPANIES.

1. Humble—(S. O. N. J.)	\$1,750,000,000
2. Gulf	750,000,000
3. Texas	600,000,000
4. Mid-Kan. (Ohio Oil)	111,000,000
5. Shell	500,000,000
6. Magnolia (S. O. N. Y.)	708,000,000
7. So. Crude O. P. (So. Ind)	697,000,000
8. Pure Oil	215,000,000
9. Continental	198,000,000
10. Sun	88,000,000
	<hr/>
	\$5,617,000,000

Bowles' Exhibit No. 2.

REFINING CAPACITY OF "BIG 10" PRODUCERS.

Name	Location	Crude Capacity	Cracking Capacity	Totals
Gulf	Port Arthur	125,000	* 61,000	136,000— 68,000
	Fort Worth	6,000	3,000	
	Sweetwater	5,000	4,000	
Humble	Baytown	125,000	143,000	
	Chilton	4,500		
	McCamey	15,000	15,000	
	Port Neches	5,000		170,500—173,000
	Ingleside	15,000	15,000	
	San Antonio	4,500		
	Breckenridge	1,500		
Mid-Kansas	Ft. Worth	5,000	1,350	
	Del Rio	3,000		8,000— 1,350
Texas	Port Arthur	60,000	87,500	
	Port Neches	20,000		
	Houston	20,000	1,000	
	West Dallas	16,000	10,000	123,500—105,750
	San Antonio	3,000	3,000	
	Amarillo	3,000	2,750	
	El Paso	1,500		
Shell	Houston	22,000	11,000	22,000— 11,000
Pure	Smith's Bluff	30,000	20,000	30,000— 20,000
Magnolia	Beaumont	70,000	55,000	
	Magpetco	10,000		
	Fort Worth	4,500	3,000	96,100— 62,500
	Fort Worth	2,600	750	
	Corsicana	4,000		
	Luling	5,000	3,750	
Continent	Wichita Falls	6,000	2,000	6,000— 2,000
Sun				592,100—443,600
SoCoPen				

TOTAL REF. THROUGHOUT 1930—

215,312,000 Bbl.=590,000.

Bowles' Exhibit No. 3.

Texas	Production 1930	
1—Humble	28,938,000	S O—N J
2—Gulf	28,343,000	
3—Texas	16,872,000	
4—Mid-Kan.	15,242,000	Ohio Oil (Transcont)
5—Shell	13,985,000	
6—Magnolia	11,341,000	S O—N Y
7—So. C. O. Purch.	9,236,000	S O—Ind
8—Pure Oil	8,829,000	
9—Continental	6,046,000	
10—Sun	3,581,000	
	142,413,000=50%	

Total State.....289,965,000

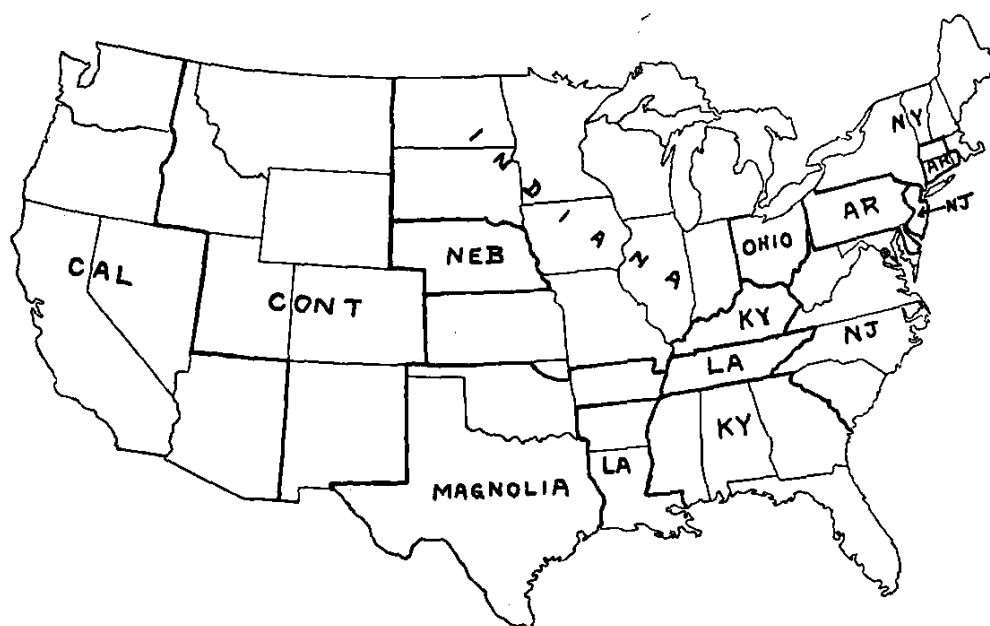
4 S. O. Cos.....64,757,000=22%

About 1,150 Companies.

**CRUDE OIL PRODUCTION, IMPORTS, EXPORTS, REFINERY RUNS, MISCELLANEOUS USES AND STOCKS,
UNITED STATES, FROM JANUARY 1, 1918, TO DECEMBER 31, 1930. ALL AMOUNTS IN BARRELS
COMPILED FROM ANNUAL STATEMENT OF UNITED STATES BUREAU OF MINES**

Current Supply.		Current Demand.			Total Current Demand.	Excess of Demand Over Production.	Imports.	Added Withdrawn From Storage
Year.	Production.	Refinery Runs.	Exports.	Other Uses				
1917								
1918	355,928,000	326,025,000	4,901,000	89,492,000	420,418,000	64,490,000	37,736,000	(b) 26,750,000
1919	378,367,000	361,520,000	6,019,000	58,630,000	426,169,000	47,802,000	52,822,000	5,020,000
1920	442,929,000	433,915,000	8,757,000	106,340,000	549,012,000	106,083,000	106,175,000	9,907,000
1921	472,183,000	443,363,000	8,940,000	77,368,000	529,671,000	57,488,000	125,364,000	67,876,000
1922	557,531,000	500,706,000	10,163,000	99,664,000	610,533,000	53,002,000	127,308,000	74,306,000
1923	732,407,000	581,238,000	17,385,000	132,917,000	731,540,000	(a) 867,000	82,882,000	82,882,000
1924	713,940,000	643,719,000	17,973,000	104,743,000	766,435,000	52,495,000	77,775,000	25,280,000
1925	763,743,000	739,920,000	13,335,000	(c) 58,285,000	811,540,000	47,797,000	61,824,000	(c) 31,850,000
1926	770,874,000	779,264,000	15,407,000	65,932,000	860,603,000	89,729,000	60,382,000	(b) 29,340,000
1927	901,129,000	828,835,000	15,843,000	43,754,000	888,432,000	(a) 12,697,000	58,383,000	71,080,000
1928	901,474,000	913,295,000	18,966,000	30,512,000	962,773,000	61,299,000	79,767,000	18,460,000
1929	1,007,323,000	987,708,000	26,401,000	28,730,000	1,042,839,000	35,516,000	78,933,000	43,410,000
1930	896,265,000	927,447,000	23,706,000	29,708,000	980,861,000	84,596,000	62,129,000	(b) 22,460,000
TOTAL	8,894,093,000	8,466,955,000	187,796,000	926,075,000	9,580,826,000	686,733,000	1,010,613,000	341,700,000

(a) Domestic Production exceeded Total Demand.
(b) Crude Oil withdrawn from storage.
(c) Includes 17,827,000 adjustment in California on account adding Fuel Oil to Heavy Oil Stock. Deduct 17,827,000 1918-1930.



Retail marketing areas, for gasoline, into which it was generally understood, the Standard Oil Company divided the United States prior to the dissolution decree in 1911. In listing retail prices this old areal division has been generally followed, up to the present time, by the trade press and recognized by the marketing division of the industry.

Names of companies are abbreviated as follows:

- Cal.—Standard of California.
- N. Y.—Standard Oil of New York.
- A. R.—Atlantic Refining Co.
- N. J.—Standard of New Jersey.
- Ohio—Standard of Ohio.
- Ky.—Standard of Kentucky.
- La.—Standard of Louisiana.
- Neb.—Standard of Nebraska.
- Cont.—Continental Oil Co.

*Exhibit
1929*

FORM 1.

RAILROAD COMMISSION OF TEXAS—OIL AND GAS DIVISION

Austin, Texas

IMPORTANT NOTICE: This is the first record the Railroad Commission has of any well. It is made the basis of all subsequent correspondence. Hence it must be accurate.

NOTIFICATION OF INTENTION TO DRILL, DEEPEN OR PLUG

(To comply with Rules of the Railroad Commission of Texas, governing Oil and Gas Conservation in Texas.)

DESCRIPTION OF PROPERTY:

In order that the well covered by this notice may be definitely and accurately located on maps in the office of the commission, draw in the space below, in ink a sketch of the lease or block and lot, giving name and number, and indicate thereon the exact location of the well. Also show the distance, in feet, of the well from the two nearest boundaries of the lease and from the nearest well. Give names of the adjoining lease or property owners.

Scale: 400 feet to 1 inch. If less than 2 acres, 40 feet to 1 inch.

Use back hereof for sketch if necessary.

NORTH

WEST

700' East and 50' South
of R. S. Sterling No. 5.

EAST

SOUTH

It is preferred that this notice be delivered to Deputy Supervisor of your district before drilling, deepening, or plugging. He will forward to the Railroad Commission, Austin, Texas.

Date 8-14-29

Name of company or operator

Name Humble Oil & Refg Co.,Address Houston, Texas

Name of farm or lease

Name R. S. SterlingLocated in Liberty County

Sec. No. _____ Block No. _____

Survey James McFaddenNumber of acres _____ Well No. 6Rotary or Cable Tools RotaryDate work will start 8-19-29Depth to which you propose to drill 5000 feet

Date you wish to plug _____ Well No. _____

(You must also give notice to adjacent lessees).

Date you wish to deepen _____ Well No. _____

If lease purchased with one or more wells drilled,
From whom purchased?

Name AUG 16 1929

Address _____

RAILROAD COMMISSION

Deliver to Deputy Supervisor in charge of your district

Rule 37. No well for oil or gas shall hereafter be commenced nearer than three hundred (300) feet to any other completed or drilling well on the same or adjacent tract or farm; and no well shall be drilled nearer than one hundred and fifty (150) feet to any property line; provided, that the Commission, in order to prevent waste or to protect vested rights, will grant exceptions permitting drilling within shorter distances than as above prescribed, upon application filed fully stating the facts, notice thereof having first been given to all adjacent lessees affected thereby. Rule 37 shall not for the present be enforced within the proven oil fields of the Gulf Coast.

Form No. 2

WELL RECORD

Mail to Railroad Commission of Texas, Austin, Texas

Company Humble Oil & Ref. Co. Address Houston, Texas.
 County Liberty Survey James McFadden Block No. Sec. No.
 Lessor R.S. Starling Well No. 6 Elevation (ABOVE SEA LEVEL)
 Drilling commenced 9-10-29, 192 Drilling completed 1-2-30, 192
 Correspondence regarding this well should be sent to: Name D.B. Harris Address Houston, Texas.

CASING RECORD

SIZE	PUT IN WELL		PULLED OUT		LEFT IN WELL		PACKERS AND SHOES
	Ft.	In.	Ft.	In.	Ft.	In.	
13-5/8"	703	0					
9-5/8"	3948	0					
6-5/8"	5498	0					

RECEIVED

FEB 5 1930

Initial Production of Gas—Volume Pressure Initial Production of Oil: Barrels 800 bbls. FlowingRemarks: Set 46' of 3" screen at 5666'.

DESCRIPTION OF PROPERTY:

NORTH

GENERAL REMARKS:

WEST

EAST

SOUTH

Form 1019bc—E1292-929-20m

FORMATION RECORD

Show all Formations, especially all sands and character and contents thereof.

44	Surfaces	IONS	TOP	BOT	MARKS
60	Sand			2223	Gumbo & lime
76	Clay			2115	Sand & lime
118	Sand			2143	Gumbo & lime
121	Clay			2182	Sand, shale & bls
136	Sand			2235	Gumbo & lime
139	Clay			2260	Hard sand & shale
174	Sandy clay			2285	Rock
195	Sand			2332	Sand & lime
241	Gumbo			2358	Sand (C-2358-2360 water)
275	Sand			2360	Rock
300	Gumbo			2428	Sand (hard streaks)
312	Sand			2472	Gumbo & lime
335	Gumbo			2491	Sand
343	Sand			2498	Sand & lime
362	Gumbo			2537	Gumbo & lime (C-2481-2493 no)
414	Sand & bls			2571	Sand (C-2571-2573 no)
445	Gumbo			2629	Sandy shale & lime
460	Sand & bls			2639	Gumbo & lime
516	Gumbo			2658	Sandy shale & lime
563	Sand			2669	(C-2644-2647 no)
598	Gumbo			2714	Hard sand, shale & lime
608	Sand			2744	Gumbo
618	Gumbo			2764	Gumbo & lime
717	Gumbo & bls			2772	Gumbo
	Set 705' of 15-5/8" casing			2789	Shale
785	Gumbo			2821	Stky shale & lime
865	Sand			2834	Hard shale & lime
886	Hard sandy lime			2898	Stky shale & lime
890	Gumbo			2923	(C-2805-2808 none)
903	Sand			2934	Sandy shale (hard streaks)
931	Sandy gumbo & lime			2995	Hard sand
998	Sand			2998	Stky shale & lime
1027	Gumbo			3029	Hard sand
1085	Sand & bls				Sandy shale & lime
1111	Lime & gumbo			3081	(C-3007-3012 none)
1136	Gumbo & lime			3081	Shale & lime
1154	Sand			3086	Hard shale & lime, stky
1184	Sandy gumbo			3104	Sandy shale (hard streaks)
1203	Sandy lime				(C-3072-3077 none)
1315	Gumbo & lime			3108	Hard sand
1349	Sand			3118	Sand & shale
1360	Gumbo			3141	Gumbo
1455	Sand & lime			3145	Hard sand
1472	Gumbo & lime			3151	Sand (C-3150-3151 missed)
1512	Gumbo			3184	Rock
1557	Sand & bls			3171	Sand & shale
1563	Gumbo			3172	Rock
1567	Sand & bls			3210	Stky shale
1774	Sand, shale & lime			3215	Hard sand
1794	Gumbo & lime			3219	Sandy shale
1810	Sand, shale & lime			3277	Shale & lime
1857	Gumbo & lime (C-1799-1790 no)			3277	Stky shale
1866	Gumbo, lime & bls			3330	Hard shale & lime
1876	Gumbo			3401	Shale & lime
1914	Sand & bls			3411	Hard sandy lime & shale
1950	Gumbo			3430	Hard stky shale
				3435	Hard shale & lime

Method of shutting off water.

Is water completely shut off?

Amount of water with oil.

per cent.

W. O. Manning

I, being first duly sworn, on oath state that I have knowledge of the facts and matter herein set forth and that the same are true and correct.

Subscribed and sworn to before me this

1st

day of

February

1930

Representative of Company.

Notary Public

Harris

County, Texas.

A-31-2/1M-B-27

FORMATION RECORD—CONTINUED

WELL R.S. Sterling #6

FEET	FORMATION	FEET	FORMATION
3468	Hard stky shale & lime	4725	Hard sand
3470	Lime rock	4727	Rock
3486	Hard shale & lime	4779	Stky shale (C-4734-4735 no)
3503	Sandy shale	4841	Sand (C-4786-4789 no)
3532	Stky shale & lime (C-3503-3506 none)	4880	Sand, shale & lime (C-4836-4838 no, 4841-4854 no)
3565	Sand (C-3539-3541 none)	4937	Hard shale & lime (C-4878-4880 no, 4904-4909 no)
3583	Sandy shale	4952	Shale & sand (C-4938-4940 no)
3586	Hard lime	4994	Shale (C-4965-4970 no)
3642	Hard shale & lime	5000	Sand (C-4996-5000 no)
3649	Stky shale & lime	5004	Hard sand
3665	Sand, lime & shale	5017	Hard shale
✓ 3742	Sandy shale & lime w/ extra hard breaks of lime (C-3665-3667 no, 3706-3711 no)	5056	Hard shale & lime (C-5026-5031 no)
		5171	Shale & lime (C-5057-5062 no, 5087-5092 no, 5116-5121 no, 5147-5152 no,)
3918	Sand, shale & lime	5183	Shale (C-5178-5183 no)
3924	Stky shale & lime	5210	Shale & lime
3930	Sand, shale & lime (C-3923-3927 none)	5251	Sand (C-5209-5213 no, 5239-5244 no)
3939	Stky shale	5269	Hard shale
3940	Hard shale & lime (C-3939-3940 none)	5275	Sandy shale (C-5271-5275 no)
3948	Stky shale	5291	Sand & shale
	Set 3948' of 9-5/8" casing	5325	Stky shale (C-5302-5306 no)
3988	Stky shale	5353	Shale & lime (C-5333-5337 no)
4015	Sand (C-3992-3995 none)	5373	Stky shale & lime (C-5365-5368 no)
4039	Stky shale	5423	Stky shale (C-5395-5398 no)
4039½	Hard sand	5441	Sand (C-5425-5429 no, 5437-40 no)
4046	Shale (C-4039-4042 none)	5447	Shale
4108	Stky shale	5466	Stky shale (C-5463-5466 no)
4133	Shale & lime	5500	Stky shale & lime (C-5491-5494 no Set 5498' of 6-5/8" casing.
4160	Sand & shale (C-4133-4141 no)	5508	Lime & shale (C-5502-5506 gas od)
4163	Stky shale	5512	Sand, lime & shell
4224	Stky shale & lime	5518	Sand & lime (C-5508-5515 last 8 inches of core showed oil)
4229	Sandy shale	5519	Sand, shell & lime (C-5515-19 oil)
4338	Shale & sand	5521	Hard sand (C-5519-20 oil, 5520- 5522 none)
4349	Stky shale	5524	Shale (C-5522-5524 no)
4424	Soft sand & shale (C-4333-4339 none)	5526	Stky shale (C-5524-5526 none)
4445	Stky shale	5569	Shale (C-5527-5530 none)
4480	Sand (C-4450-4455 no)	5578	Shale & lime
4526	Green, pink & brown shale (C-4510-4512 no)	5578	Sand & shale
4532	Stky shale	5610	Sand & lime (C-5560-5605 none)
4583	Sand (C-4542-4546 no)	5615	Sandy shale (C-5610-5615 odor)
4607	Stky shale	5653	Shale (C-5615-20 no, 5625-30 no)
4615	Sandy shale (C-4610-4614 no)	5659	Sand & shale (C-5635-48 odor, 5645-5650 oil)
4642	Stky shale & lime	5663	Sand (C-5650-5653 oil)
4664	Sandy shale (C-4642-4650 no)		Set 4½" screen. No good. Drilling deeper.
4666	Hard sandy lime	5663	Sand (C-5654-5661 oil)
4667	Rock	5666	Sand & sandy shale (C-5663-66 oil)
4679	Shale		Set 5" screen at 5649.
4687	Sand (C-4682-4683 no)		
4723	Shale & sand		

Correspondence of members of the Senate and House of Representatives of the 42nd Legislature in response to inquiries of W. L. Todd, Chairman of the Texas Oil Emergency Committee, regarding the proposed Special Session of the Legislature.

Fort Worth, Texas, June 20, 1931.

It is now apparent that the East Texas oil field, if unrestrained, can produce oil in excess of the entire market for Texas oil. The Railroad Commission's order controlling production in the field has completely broken down. This has resulted in fearful waste of gas and oil in the field; in gross inequities between offsetting producers; in the sale of the oil in said field and elsewhere in the State at prices constituting only a fraction of its real value; in the loss of millions of dollars in gross production value; in the loss of millions of dollars in gross production taxes; in serious depreciation of taxable values for ad valorem purposes; in financial disaster to the oil business and to communities dependent on it, and in serious loss to all related businesses. The Railroad Commission has stated publicly that it does not have the authority under present laws to enforce its orders for restriction of production in the field and for ratable takings by the various producers.

In view of these conditions, the producers and land owners represented by our Committee feel that the Legislature should now be called together in special session and given an opportunity to enact remedial legislation. We favor the enactment of laws to prevent the further waste of the oil and gas resources of the State and to empower the conservation authorities promptly and effectively to enforce their orders for such purpose through a proper process of limiting production to consumption needs.

We trust that you are in accord with this program and would appreciate your prompt expression to that effect, which may be evidenced by signing and returning the inclosed slip.

Yours very truly,

(Signed)

W. L. TODD,
Chairman.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

(Telegram)

July 1, 1931.

Our Committee has had replies from all but twenty-six members of the House as to their views on the need of a special session of the Legislature to enact enforceable conservation laws but I do not find any reply from you. We assure you we will appreciate your giving us the benefit of your judgment in the matter.

W. L. TODD, Chairman,
Texas Oil Emergency Committee.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

It seems the only way out.

CHARLES S. GAINER.
4th Senatorial District.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting procedure of oil and gas to consumption needs, without,

of course, committing myself to any particular legislation or program.

JNO. W. HORNSBY.
20th Senatorial District.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am not well enough advised relative to the above matter to commit myself at this time.

WILL N. MARTIN.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am willing for the Legislature to meet to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I hope such legislation may be devised but I doubt the legislative power to help. I am, however, desirous of doing everything possible to help the industry.

W. R. POAGE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

GUS RUSSEK.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and

gas to consumption needs, without, of course, committing myself to any particular legislation or program. But I want the Cranfill plan to have a fair try out.

WOODWARD.
25th Senatorial District.

Alpine, Texas June 25, 1931.
W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.
Dear Mr. Todd:

Replying to your message of this date, will state that Governor Sterling is a practical oil man of many years experience and should be better qualified than I to determine the feasibility of calling a special session of the Legislature to consider oil and gas conservation. The responsibility is his in the matter of convening the Legislature in Special Session, and I prefer to let him exercise his constitutional prerogative, independent of any suggestions by me.

With personal good wishes, I am

Very truly yours,

B. F. BERKELEY.

(Telegram)

Abilene, Texas, June 26, 1931.
W. L. Todd,
Texas Oil Emergency Committee.

Believe regulation of production of both oil and cotton by law has become necessary.

OLIVER CUNNINGHAM.

Baumont, Texas, June 22, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building, Ft. Worth,
Dear Sir:

I have your letter, but I am not sending you any slip. I have no convictions on proration whatever, except that I believe that when the Government gets in any private business it hurts it.

In this instance I expect to reflect by my vote the judgment of the oil people of my district.

You have on your committee Beman Strong and Marrs McLean. I take it the Texas, Gulf, Magnolia and possibly the Pure Oil Companies have definite conclusions in the matter and I think they are agreeing with you. If that is true, I will vote for proration bill that they can all agree on.

Your very truly,

W. R. COUSINS.

(Telegram)

Austin, Texas, June 26, 1931.
W. T. Todd, Chairman,
Texas Oil Emergency Committee,

I am in receipt of your telegram of yesterday asking my views on session of the legislature to consider oil and gas conservation measures. We have just passed through a long strenuous regular session which cost the tax payers of Texas about a half million dollars and I doubt that the legislature could solve the problem when the oil people are unable to come to a definite agreement as to the solution of the problem themselves. There are other industries and businesses facing ruin, also the farmers and ranchmen who are in distress and men and women walking the streets and roads seeking work and when the cold winter winds blow from the north there may then come a greater need to have a session to help those in need of food and clothing and the oil derricks will never get so thick that I will be unable to see those who are in greater distress as Senator from the twenty-first District of Texas I stand ready to respond to any call that the Governor may deem necessary and assume every duty that is incumbent upon me as a member of the Texas state Senate. As to advising the Governor what to do I want to say that I have never set myself up as an advisor to any executive and Governor Sterling is a man who is capable and fully understands the problems facing the people of Texas.

CARL C. HARDIN.

(Telegram)

Gonzales, Texas, July), 1931.
W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Ft. Worth, Texas.

Replying to your inquiry as to necessity of special session of Legislature to enact enforceable conservation laws, I am of opinion that necessity for such special session is a matter for determination by the Governor and legislature prerogatives and duties are only to pass upon in light of all available facts the form of such proposed conservation laws unless various factions represented by major companies, independents and royalty owners are able to agree at least in some gen-

eral way to the form and constitutionality of proposed legislation I deem it unwise as a member of the Senate to attempt to form speculative future opinions on legislation not yet definite in its form. I reserve the right to pass individual judgment on any legislation proposed whether with or without gubernatorial sanction.

W. K. HOPKINS.

Galveston, Texas, June 25, 1931.
Mr. W. L. Todd, Chm.,
Texas Oil Emergency Com.,
Fort Worth, Texas.

Dear Sir: This will acknowledge receipt of your telegram of even date, requesting my opinion as whether or not in my judgment it is necessary for the Governor to call a special session of the Legislature, to consider the matter of oil and gas conservation.

I am inclined to believe that a call would be justified on several grounds; the chief of which is that our present laws and "set up" are inadequate to cope with the situation. Our natural resources are too valuable, for us to sit idly by and see them wantonly dissipated.

Yours sincerely,

T. J. HOLBROOK.

(Telegram)

Sherman, Texas, July 1, 1931.
W. L. Todd,
Chairman Texas Oil Emergency Committee,
Fort Worth, Texas.

I have opposed a special session of the Legislature, for I doubt if we can do the oil industry any good by legislation. The Governor is a practical oil man and can call us if he thinks we can do any good. I leave it is up to his judgment.

JAKE J. LOY,

Senator, Ninth District.

(Telegram)

Greenville, Texas, July 1, 1931.
W. L. Todd, Chaiman,
Texas Oil Emergency Committee,
Fort Worth, Texas.

Am unalterably opposed to special session for enactment of so-called emergency oil legislation on ground that nothing can be accomplished and fact that State Treasury is on deficiency. Have suggested in press and in letters that if oil men who

are urging session want to do the patriotic thing they support an increase in the gross production tax to defray expenses of their suggested special session. Citizens of Texas should not be asked to pay two hundred thousand dollars expense for special session for legislation for your fraternity. There is no assurance that oil prices would be helped by a legislative Act. I suggested cessation of importation of crude oil by major companies from foreign countries as relief. With more than a half million dollars spent on recent regular session and men in all walks of life unable to meet current expenses to say nothing of tax burdens I maintain this is no time to urge legislative session unless those who are behind proposal are willing to pay the bill.

JOE M. MOORE,
State Senator, Tenth District.

Austin, Texas, June 25, 1931.
Mr. W. L. Todd,
Chairman, Texas Oil Emergency
Committee,
Fort Worth, Texas.

My Dear Sir: I am today in receipt of your telegram of this date relative to my views on the calling of a special session of the Legislature to consider oil and gas measures.

In reply I would say to you, as I said in a letter yesterday in reply to an inquiry of the "Austin American":

"Replying to your inquiry of June 22nd, beg to say that I am in favor of a special session of the Legislature for the purpose of dealing with the oil question when it is evident that there is a reasonable hope for the passage of legislation that will help the oil business in Texas, and will help to bring it out of the chaos into which it is sinking.

"As I see it now, control of oil production for a while seems to be necessary, but the exact terms of such measure as will stand the test of the Constitution, and at the same time give promise of at least in part the relief that the oil men desire, is not definitely determined in my mind."

Very truly yours,

BEN G. ONEAL,
412 Waggoner Building,
Wichita Falls, Texas.

(Telegram)

Benevides, Texas, June 28, 1931.
Hon. W. L. Todd,
Fort Worth, Texas.

I am against a special session of the Legislature.

A. PARR.

(Telegram)

Crockett, Texas, June 25, 1931.
W. L. Todd,
Chairman Oil Emergency Commission.

My views already communicated to Governor Sterling.

NAT PATTON,
Senator, Fifth District.

(Telegram)

Dallas, Texas, June 25, 1931.
W. L. Todd,
Texas Oil Emergency Committee.
Senator Purl is in Austin for a week or ten days.

JESSIE SMITH,
Secretary.

Austin, Texas, June 10, 1931.
Hon. W. L. Todd,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

Your letter of June 10th, together with enclosure, has been received.

However, I differ with you in regard to what the Legislature can do to affect the economic conditions. As a member of the Legislature for the past twelve years, I am thoroughly convinced that the more you try to legislate prosperity into business, the less good you do.

Very truly yours,

TOMAS G. POLLARD.

Austin, Texas, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

Your various communications addressed to me concerning the calling of a special session of the Legislature clearly indicate to me that your Committee has determined that the only way to solve the present economic depression in regard to the oil industry is to call a special session of the Legislature.

Walter Kine's speech delivered to the Texas Press Association has correctly outlined the policy to be pur-

sued by the oil industry in an effort to work itself out of the present depression.

The agricultural interests, the sheep-raising interests, the goat-raisers, the cattlemen, the lumbermen, the railroads, and all other industries are depressed at this time, and each industry feels the vital need of some relief.

My honest desire is to see the prices of oil as well as all other commodities greatly enhanced. It is the duty of the Legislature to represent all of the interests of the State to pass such legislation as will inure to the great benefit of all the people of Texas. You are probably not losing any more money than I am individually by reason of the depressed oil conditions; you are not any more eager to see the prices of oil raised than I am. You are looking through one end of the horn, and probably feel that the Legislature can solve all economic ills of the oil industry. As a member of the Senate who has served continuously in the Legislature since 1919, I am firmly convinced that the more the oil industry goes to the Legislature, the less economic relief the oil industry will get.

I will appreciate very much your giving me a definite idea of how the Legislature can over-ride the wide established principle that the law of supply and demand ultimately fixes the prices of all commodities. I shall be pleased to have you advise me what difference it will make whether oil is stored underground in known quantities or in storage tanks in known quantities in arriving at the ultimate prices to be paid. As a student of economics in the University of Texas, our mutual friends, the Honorable Hines Baker and the Honorable Rex Baker, two of the most brilliant attorneys in Texas, who were formerly instructors in economics in the University of Texas, but who are now attorneys for the Humble Oil Company, taught me that the law of supply and demand governed the prices to be paid for all commodities. I shall be happy for you to advise me how this principle can be changed by an act of the Legislature of Texas, which can only hope to affect and govern the protection of oil in Texas alone.

Thanking you for advising me concerning this matter, and assuring

you of my sincerity in an effort to study this question fairly and without prejudice, I am

Very truly yours,

TOMAS G. POLLARD.

Fort Worth, Texas, June 30, 1931.
Mr. W. L. Todd, Chairman
Texas Oil Emergency Committee
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Please pardon my seeming negligence in replying to your letter of recent date enclosing a pledge card to be signed by me; also your telegram of June 25th requesting an expression of my views on a call of a special session of the Legislature to consider oil and gas conservation measures.

Since adjournment of the regular session of the Legislature, I have been endeavoring to devote some of my time to my personal affairs which has caused some slight delay in giving attention to Legislature matters.

Notwithstanding the regular session of the Legislature continued in session for more than 130 days, there seems to be an insistent demand for further legislation.

I will be glad to support any constructive program that has for its purpose the ending of the period of depression and restoring an era of prosperity to the oil industry and any other legitimate business. But to be perfectly frank with you, I have very serious doubt that any legislation that could be passed would produce such results. I know very little about the technical or practical side of the oil business and therefore do not care to make a definite commitment on the proposed legislation. Unless it is reasonably certain that the Legislature could accomplish substantial relief, I would be opposed to a special session. I do not believe the State should pay out the thousands of dollars necessary to call the Legislature together unless it made certain beforehand that good would result.

At this time I have no information indicating that such results may be accomplished and until I do have this information I do not desire to make a more definite commitment.

Yours truly,

FRANK H. RAWLINGS.

(Telegram)

Wellington, Texas, June 25, 1931.
W. L. Todd,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I have no advice to give to Governor Sterling about special session.

C. C. SMALL.

Austin, Texas, June 22, 1931.
Mr. W. L. Todd,
Fort Worth, Texas.
Dear Sir:

The enclosed clipping from the Victoria Advocate will explain my views on proposed oil legislation. If self regulation by oil producers fails I will join in enacting sane legislation, but not in regulating everything under the sun. I feel strongly also that if the Governor opens up a lot of other controversial matters for the Legislature to consider that it will be not only a bad thing for the State, but will endanger the getting of a two-thirds vote on the oil question.

Yours very truly,

J. W. STEVENSON.

Austin, Texas, June 26, 1931.
Mr. W. L. Todd,
Care Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

Replying to your letter I wrote you several days ago at the above address and the letter was returned to me undelivered. In the letter I stated to you that I did not know whether a special session of the Legislature was advisable or not. I have been engrossed in private matters continuously since adjournment of the regular session. It occurs to me that Governor Sterling is in a better position to know whether a special session of the Legislature is advisable or not, and that it is his responsibility to assume the leadership and the responsibility therefor.

Of course, it is my desire to cooperate in every possible way for the best interest of all concerned, but I do not know and have no way of knowing what that best interest is. I, therefore, do not feel justified in expressing an opinion for, or against, the legislative session.

Of course, I know, in a general way, that there is chaos in the oil industry in this State, but I appre-

hend that the activities of certain major oil companies in collusion with the general depression are in a measure responsible for this, and proration legislature would not get at the seat of the real trouble.

Yours very truly,

GRADY WOODRUFF

San Antonio, Texas, June 26, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

The other day, while in conversation with Mr. Frank Zoch of this city and vice chairman of your committee, I expressed my opinion with respect to a special session of the Legislature for the purpose of considering oil and gas conservation measures, and I do not care to make any further statement on this subject.

This in reply to your wire of June 25th.

Cordially yours,

W. A. WILLIAMSON,
State Senator.

Austin, Texas, June 22, 1931.
Mr. W. L. Todd, Chairman
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

I have your letter and I'm returning you your slip.

I'm in favor of the necessary laws but as I'm not on the ground I'm going to have to rely on Governor Sterling's judgment as to just when he will call the Legislature.

In other words, I would be for calling the Legislature now if we were sure we had a two-thirds vote, but I don't know whether we have that.

Very truly yours,

WALTER F. WOODUL.

(Telegram)

Decatur, Texas, June 25, 1931.
W. L. Todd,
Care Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Regard Special session of doubtful value. Inclined to follow leadership of Governor in this respect. Have no direct information or opinion am open to consider legis-

lative action. Wrote you fully recently and letter returned, insufficient address.

H. G. WOODRUFF.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. W. ADAMSON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

THURMAN W. ADKINS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Personally, I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

It is up to the Governor. I am only stating my views. I think pro-ration the only relief and would save millions of dollars, but it is for the Governor to act, and I am offering no advice to him.

J. C. ALBRITTON.

Mr. W. T. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I. J. BURNS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

SAM A. BRYANT.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

W. W. BOYD.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course,

committing myself to any particular legislation or program.

If opinion is sufficiently crystallized to promise agreement on a bill.

WALTER BECK.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

A. L. BAKER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

W. R. BANNER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I have just returned from Austin, found your request awaiting me. pardon delay.

ALEX BRICE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of

such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

TOM J. CUNNINGHAM.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

G. J. COX.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

W. C. CARPENTER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. C. DUVALL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting soon, without, of course, committing myself to any particular legislation or program.

I await the call of Governor Sterling, and will vote for the best interests of Texas and my district.

M. H. DOWELL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. R. DONNELL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. A. DODD.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I will be governed by the consensus of opinion of the independent operators in Brown and Coleman

counties, and sentiment seems to be crystalizing in favor of same.

E. M. DAVIS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce fair orders through a proper process of limiting production of oil and gas, without, of course, committing myself to any particular legislation or program.

ALBERT K. DANIEL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

F. A. DALL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

HOMER C. DeWOLFE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting

production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

PAUL FINN.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. H. FISHER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

B. J. FORBES.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

R. A. FUCHS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation au-

thorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

This is in the hands of the Governor. It is his play. I am ready to go at 24 hours notice to Austin. Will do what I deem to be just and fair and right after hearing.

6-24-31.

CLARENCE E. FARMER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

H. N. GRAVES.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to prevent waste, without, of course, committing myself to any particular legislation or program.

JOSEPH F. GREATHOUSE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

PAUL GROGAN,

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

EUGENE V. GILES.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation program.

WALTER C. HOLLOWAY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

If there appears to be any practical solution, I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

CONDI R. HOPKINS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I believe the oil situation is serious and every effort should be made to find a solution.

SARAH HUGHES.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of

such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

A. M. HORNSBY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

R. H. HOLLAND.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

GUS HERZIK.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

PAUL S. HILL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

C. C. HARRIS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

JULIAN HARRISON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I dislike very much the thought of an extra session, especially the expense attached to it, but at the same time, I consider the interest of the State and the public at large demands that some remedial action be taken. I do not believe that any desired results can be obtained by voluntary agreements, but that some one must be clothed with legislative authority before the present chaotic conditions can be remedied.

R. M. HUBBARD.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. O. JOHNSON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

A. N. JUSTISS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

W. P. JACKSON,

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a process of limiting production of oil and gas to

consumption needs, without, of course, committing myself to any particular legislation or program.

HUGH JONES.

Mr. W. L. Todd Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am not opposed to the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

WALTER E. JONES,

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself on any particular legislation or program.

If a session is called, I want to represent the majority of oil operators in this section of State as nearly as can be ascertained, as I am not familiar with oil problems and the oil industry itself is divided as to remedy. However, I realize situation is grave, and I hope some fair plan can be evolved.

I shall be glad to listen and learn and do the best I can.

A. C. JOHNSON,

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to

any particular legislation or program.

H. L. LEONARD.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

VERNON LEMENS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

VIRGIL LILLEY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

G. E. LOCKHART.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to

promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program. Provided the Governor so desires I shall follow the lead of the Governor as far as possible.

G. Y. LEE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas and to pass other necessary legislation, without, of course, committing myself to any particular legislation or program.

JOHN LAIRD,

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program. I'll say I am.

FRANK W. MARTIN.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I believe something ought to be done, but how to do it is another question.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

JNO. N. MATHIS, Sr.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without of course, committing myself to any particular legislation or program.

Now is the time to do whatever ought to be done.

GEORGE MOFFETT.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program, although doubtful of any immediate relief.

M. S. MONSON, Jr.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

E. T. MURPHY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Changed view in telegram.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders

through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program. I am non-committal at present.

J. S. MAGEE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

JOSEPH MCGILL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

CHAS. G. McCOMBS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. R. McDOUGAL.

I am in favor (if there are sufficient membership votes in sight to pass the conservation law) of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation au-

thorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

C. E. NICKOLSON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. J. OLSEN.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

FRANK PATTERSON, JR.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

ALFORD PETSCH.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of

such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

BEN RAMSEY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

H. H. RAY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

D. D. RICHARDSON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I reserve the right to vote as I

think best after a study of such bill as may be presented.

R. L. READER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

If the Governor after final investigation deems it necessary to call a special session of the Legislature for the purpose of attempting to remedy the oil situation, I stand ready to cooperate with him, but as to calling a special session, I leave that matter in his hands.

DENNIS P. RATLIFF.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas consumption needs, without, of course, committing myself on any particular legislation or program.

R. M. SMITH.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

R. E. SPARKMAN.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am not in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without,

of course, committing myself to any particular legislation or program.

No more reason in legislating for oil than for wool, mohair, cotton, pecans, livestock, etc.

STEVENSON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

H. B. STEWARD

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

C. J. SHERILL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

E. P. SHELTON.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or

necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

The Legislature should be called or the talk should be stopped. I want to be at work.

W. T. SAVAGE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I believe the need for a fair conservation law is important. I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to prevent waste, without, of course, committing myself to any particular legislation or program.

WILL H. SCOTT.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

LEE SATTERWHITE.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I hesitate to sign statement on opposite side. However, I am in favor of something being done, if possible, to restore the price of oil to a reasonable figure, and if it can be done by legislation either directly or indirectly, I would favor a special session for that purpose.

GEO. C. STEPHENS.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

If you will give the "Oil Conservation Committee" more time I feel sure they will make a better solution of the problem.

MRS. N. R. STRONG.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I am most certainly in favor of necessary laws to prevent waste of the natural resources of the State and for this purpose only would favor the proper kind of law curtailing production. Would not be inclined to support limiting production solely to raise prices.

A. B. TARWATER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

I do not believe the Legislature has the constitutional authority to enact laws to control production and prices, but am willing to try any reasonable plan.

GEO. B. TERRELL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation

authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

Also redistricting the State.

J. TURNEY TERRELL.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

J. H. TOWERY.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I still hope all interested parties may reach an agreement that will prove satisfactory to all and avoid the necessity of a special session of the Legislature.

B. F. VAUGHAN.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

E. T. WYATT.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting

production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

MILTON H. WEST.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

F. C. WEINERT.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course, committing myself to any particular legislation or program.

ALBERT G. WALKER.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of the Legislature meeting to consider the enactment of such laws as may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without, of course committing myself to any particular legislation or program.

R. W. WAGSTAFF.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I do not mind a reasonable proration schedule, but I would not support a program that would mean abandonment of individual initiative

in the oil industry. I do not see why Texas should, by restricting of its production, alone try to maintain a world price structure for oil and oil products. But in the emergency existing now, I think, it advisable to contribute to recuperation of the oil industry by a reasonable restriction.

The Commission ought to have authority to enforce its own orders.

DEWEY YOUNG.

Houston, Texas, July 22, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Your favor of June 20th, enclosing statement for my signature stating that I favor the Legislature meeting to consider enactment of such laws as may be needful or necessary, in regard to oil proration, received.

I am not in favor of the Legislature meeting. However, if the Governor deems it advisable to call the Legislature in session I will gladly attend same. I do not know whether proration is the proper thing to do or not. I realize that my knowledge of the oil industry is very limited, and I do not mean that I would not favor the enactment of a law granting the Railroad Commission authority to enforce proration. I simply mean to say that I will do the best I may be able to do to arrive at the proper conclusion in regard to this matter, should the Legislature be convened in session.

Yours very truly,

EARLE ADAMS, Jr.

Jasper, Texas, June 25, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.

Dear sir:

This will acknowledge receipt of your telegram of this date and in reply will say that I have not received your letter of date the 20th.

Now as to a Special Session of the Legislature for the purpose of passing oil and gas measures being called will say that I am afraid that any law that we might pass on this subject would not remedy the situation and it seems to me that the ones that are most interested in this subject should be able to get together and work out some plan that would give relief to all.

I feel that the House will not pass the Howsley Bill if it or a similar bill should be offered as I personally know that about two-thirds of the members were unfavorable to it and I so expressed myself to Mr. Howsley, however I told him that I would be glad to work with him and felt that we could work out a measure that would meet with a majority of the members of the House.

I received a letter from Rep. Grogan of Liberty a few days ago suggesting that I write the Governor, giving my views on the matter, which I did but have not had a reply to my letter. I do not know just what the Governor has in his mind but it seems to me that if I were Governor and felt that a special call of the Legislature could accomplish any good and the rights of the people of Texas were in jeopardy I would make the call without trying to pass the buck. If the Governor sees fit to call us together, I shall certainly answer the call and will do all within my power to work out a plan and make it into the law to get such relief as is needed.

Trusting that I have made myself clear, I am,

Yours very truly,
F. P. ADAMS.

(Telegram)

Carthage, Texas, July 2.
W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.

Do not favor extra session. However should Governor call same I would endorse strong conservation laws.

LON E. ALSUP.

(Telegram)

Princeton, Texas, June 27.
W. L. Todd,
Fort Worth, Texas.

Mind is open on oil question.

C. H. AKIN.

Huntsville, Texas, June 22, 1931.
Honorable W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir: This will acknowledge receipt of your letter of June 20th with reference to the East Texas oil field and you wanting me to sign up the slip of paper and return the same to you stating that I would support

any kind of proration bill that was presented to the Texas Legislature. I will state that I will never support a bill that contains the same principles that the Howsley bill contained and I think I am safe in saying that you will not pass such a bill as the Howsley bill if the Governor calls a special session of the Legislature. I might be in favor of a fair bill whereby it would compel the pipe line companies to take the independent man's oil just as he would the Humble Oil Company or any other major oil company, but I will not vote for any bill that will put the independent oil man out of business. Now, if you can draft a fair bill and send me a copy of the same then I will let you know whether I will support the same or not, but I will not sign any pledge that I will support any measure that will give the Railroad Commission power to enforce orders through proper process of limiting production of oil and gas to consumption needs for I don't think it would be constitutional.

Trusting that you can draft a bill that is fair and not one that will freeze the little man out and one that will receive the support of all the membership of the House and Senate, I am,

Yours very truly,
GORDAN M. BURNS,

Representative 29th District of Texas.

Hubbard, Texas, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

My Dear Mr. Todd: This acknowledges receipt of your wire of even date and also the letter dated June 20th. Replying to both, with apologies for the delay, I am signing the little sheet sent me in letter, as it expresses my idea on the subject of legislation better than I can express it.

It begins to look like the "gentlemen's agreement" is not going to solve the matter, and therefore, I see no reason for further delay in calling the Legislature—provided, of course, they have a workable bill farmed out that will serve the best interest of the greatest number.

Yours truly,
W. R. BOUNDS,
Rep. Hill County.

Sherman, Texas, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir: In response to your telegram of even date, I desire to say that I am favorable to a special session of the Legislature at this time for the purpose of considering oil and gas conservation measures and congressional redistricting.

Yours very truly,
ELBERT M. BARRON.

(Telegram)

Terrell, Texas, June 25.
W. L. Todd, Chairman,
Texas Oil Emergency Committee.

Am opposed to special session at present. Am opposed to proration.

THOS. R. BOND.

(Telegram)

Marlin, Texas, June 25.
W. L. Todd, Chairman,
Texas Oil Emergency Committee.

Believe special session essential to protect public interest in oil and gas.

ROLLAND BRADLEY.

Longview, Texas, June 26.
W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Ft. Worth, Texas.

Card signed by me favoring special session mailed you yesterday.

TOM J. CUNNINGHAM.

Groesbeck, Texas, June 25, 1931.
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sirs:

I favor conservation of all natural resources, especially of oil and gas, to this end I would favor a maximum production bearing equally on all oil wells in Texas.

In order to make this plan effective, I would favor an early session of the Legislature to incorporate these ideas into law.

Your truly,
J. T. COX.
Rep. Limestone Co.

Dallas, Texas, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.

Dear Sir:

Replying to your letter of recent date and your wire of today, I wish

to say that I failed to reply to your letter for the reason that I supposed that the only replies you would be interested in would be those that were favorable to your desires.

Not being connected with the oil business in any way and having no oil fields in my district or close to my home I am not very well informed as to the true facts of the present situation and do not desire to indicate that I would favor any legislative action.

I believe that the Governor is quite capable of deciding for himself without my assistance as to whether or not the present oil situation is such that the Legislature should be called into session; but should he see fit to so call them I will gladly attend and do whatever should seem necessary.

Yours truly,
Z. E. COOMBES,

(Telegram).

San Antonio, June 26, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Your telegram and letter received. Have been out of city. I am in favor of the Legislature meeting to consider the enactment of such laws that may be needful or necessary to empower the conservation authorities of the State to promptly and effectively enforce their orders through a proper process of limiting production of oil and gas to consumption needs, without of course committing myself to any particular legislation or program.

PAT DWYER.

(Telegram).

Luling, June 29, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Favor early special session if Governor thinks something helpful for oil industries may be done by Legislature.

M. H. DOWELL.

(Telegram).

Kingsville, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am in favor of a special session of the Legislature to consider oil and gas conservation measures. Something should be done in regard to this matter without delay.

E. D. DUNLAP.

Thorndale, Texas, July 1, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

Your wire of today received and in reply thereto, will say, I have been hoping that the oil people would solve the oil problem without legislation, but it looks like I have been indulging in a vain hope, so if the Governor calls an extra session, I will do what I can in the way of sane legislation but will not commit myself at this time to any particular plan.

Your truly,
J. J. ELLIOTT.

Dallas, Texas, June 30, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

Your several letters and briefs have been received and have had very careful consideration, although I have not until now had time to write to you.

I have, I think, given due consideration, not only to your various statements but to those of other oil committees and private individuals who have contributed a large quantity of material on the oil matter. I did not feel disposed to act hastily and am trying to view the matter from all sides. As a result of considering what information is available, I am very doubtful about the ability of the Legislature at the present time to give adequate relief to the oil situation. For that reason I am not signing the call for a special session.

I wish to say to you that I am very much in sympathy with the efforts of your committee and I believe that the placing of the oil industry on a profitable basis will be

of the utmost benefit to the entire state. I am ready to do anything in that direction that I may be able to but there is first the difference of opinion among the oil men themselves, and, in all sincerity I want to say that I am not criticising the oil men for not getting together. I have heard several people say, "If they would only get together, either on an operating plan or a plan to submit to the Legislature, their troubles would be over." I think that is very largely true but I happen to be working with the farmers and am frank to say that among ourselves we have as many disagreements probably as you oil men do and I happen to know that, for the most part, they are honest differences. We are simply unable to understand all the elements and to visualize the program which will meet the situation. I think that is largely the case in the matter of oil.

But that is not the main limiting factor. It is possible that the Legislature might referee your difficulties and get a solution which would be fairly satisfactory, but in considering the matter from a legal standpoint, it occurs to me that the Legislature can do no more than to go so far in the way of conservation.

In my opinion, there is a distinct constitutional bar against legislative action, which would stop either the drilling, check the flow of wells or limit the sale of petroleum beyond the point of reasonable conservation. Now in that I may be mistaken but that is my opinion and I do not believe that on a purely conservation basis, we can limit new drilling or output of certain wells sufficiently to meet the situation. I can see no solution of that part of it except through voluntary or cooperative effort on the part of the oil fraternity.

This is for your information, and if you have any definite plan or proposition which you think would be effective, I assure you I shall be glad to give this consideration and to help in getting them through if that be possible, but I do not believe it wise for the Legislature to meet, to spend considerable money, thus to raise hopes and expectations and then result in failure or action which would not be of any benefit to anybody.

Yours very truly,
FRITZ ENGELHARD.

June 25th, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Your wire of this date received requesting for statement upon my views in connection with the oil situation and the possible called session of the legislature.

I also received your letter with request for much the same expression. The reason I had not made a statement to you or to anyone else was for the reason that I do not possess sufficient information upon which to base any intelligent opinion as to what the oil interests need for their relief (that such relief is needed is conceded), or what would be possible to accomplish with a called session.

I hold myself in readiness to attend a called session at which time I shall endeavor to secure such information as I need upon which to make up my mind as to what should or could be done.

Yours very truly,
THOS. C. FERGUSON.

(Telegram)

Luling, July 1, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Realizing that Governor Sterling is one of the best posted men in Texas on questions confronting the oil industry, I have implicit confidence in his judgment as to the necessity of a special session of the Legislature at this time.

J. B. FORD.

(Telegram)

Fort Worth, June 25, 1931.

Representative Boyd Farrar,
Waxahachie, Texas.

On the twentieth instant I wrote you asking your views on call of special session of the Legislature to consider oil and gas conservation measures. Up to this morning have received replies from about half the members of both Houses and more than eighty per cent of the replies are favorable to the session. We desire to convey to Governor Sterling correct and accurate information as to the sentiment on this im-

portant subject and would appreciate an expression of your views by wire collect or by letter.

W. L. TODD.

Hon. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir: Constant service in the trial of Cases had delayed my reply and no discourtesy intended. I know so little about the wisdom of legislation in reference to better the present deplorable situation resulting from overproduction of oil, and of the powers of the Legislature to interfere, that I have no opinion as to the necessity of calling a special session.

I am willing to abide by the decision of Governor Sterling, and if he calls the session will gladly attend and render the best service of which I am capable to solve the problem.

Yours very truly,
BOYD FARRAR.

Franklin, Texas, June 22, 1931.

Hon. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear sir: Your recent communication asking that I join in request to the Governor to call a special session of the Legislature for the purpose of enacting necessary laws to govern the production oil and gas in this State was duly received and in reply thereto will say:

That due to my limited knowledge of the matter under consideration, I do not feel disposed to make such request of the governor, but if he shall call such session I will cheerfully enter into the work with the view if possible to reach proper conclusions and to enact such laws as will relieve the deplorable condition that seems to prevail in our oil and gas producing sections.

Will add, that with my limited information on the subject, I have little faith in the matter being settled by the Cranfill agreement. Nor do I believe the Railroad Commission is now vested with sufficient power to enforce their rulings, and that same should be strengthened.

Yours very truly,

J. L. GOODMAN,
Representative 63rd Dist of Texas.

Cisco, Texas, July 3, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

I have not replied to your several inquiries as to my view on a special session for the reason I have been patiently waiting for some agreement to be reached in which everybody concerned could at least tentatively concur. It appears to me that every lead advocated has been as quickly dissipated and for that reason I fear the Legislature, if convened would find itself confronted with a hopeless task because the oil fraternity itself is not able to reach an agreement and I can't see how the Legislature lacking as it does the practical knowledge of the oil situation, could solve a problem intelligently that you can't solve yourself. However, I am willing to return and do my best with the hope that some relief will be accomplished for a very sick industry that is no doubt contributing largely to the economic depression of our people. I am actuated solely by a sincere desire to serve, but I have confidently expected you people who are in possession of all the facts and the technical knowledge of the industry as well as the patriotic motive to solve justly and fairly this problem, to advance the remedy.

Sincerely yours,
VICTOR B. GILBERT.

June 23, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

Your form letter of June 20th was duly received together with an enclosed form answer.

I am not committed to your form letter, nor to your program. Whether or not it is necessary to call a special session is a question for the Governor to decide and not for me to say. The Constitution of our State places certain duties upon the Governor and certain duties upon the members of the Legislature. The decision as to whether or not to call a special session of the Legislature is one of the duties of the Governor. It rests within his discretion. I know the Governor is ably fitted, equipped and qualified to attend to the duties

of his office. I, therefore, respectfully refuse to transgress his prerogative.

However, if he, in his good judgment, sees fit to call a special session of the Legislature, I shall gladly attend and to the best of my ability and within my best judgment perform the duties attendant upon me as a member thereof.

Respectfully yours,
BAILEY W. HARDY.

Waco, Texas, June 29, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

Replying to your wire of several days ago will say that was out of town is the reason why I did not answer sooner.

I am opposed to a called session of the Legislature for any purpose at this time. I do not believe we can accomplish any thing in a session of the Legislature that will do the oil situation any good. That is an economic question and the Legislature can not control that question. It would be time and money wasted for us to try to do anything.

Yours very truly,
W. M. HARMAN.

Longview, Texas July 1st, 1931.
Mr. W. A. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

Your telegram of July 1st concerning a special session for the enactment of conservation laws has been received.

It is not unlikely that a conservation law of a stringent nature would afford relief to the thousands of people over the State affected by the present conditions in the oil industry.

In the event that Governor Sterling sees fit to call us to Austin again I will gladly vote for the passage of any bill that would seem to have this effect.

Yours very sincerely,
JOE P. HATCHITT,
Rep. 112 Dist. of Texas.

Houston, Texas, June 16, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

Your letter of June, the 10th, inst., to me inclosing a copy of the resolution passed by the Texas Oil Emergency Committee which you mailed to Governor R. S. Sterling, was duly received a few days ago, and in reply will say that I think that the committee is exactly right; there should be law passed on the subject that can be enforced to conserve the oil and gas and prevent the waste of the same, especially as has been going on in the East Texas Oil fields. I am strongly in favor of the same and while I was in hopes that no extra session of the Legislature would be necessary, but the oil situation in this State now I think should demand that some immediate legislation now to enforce same should be had; I have not got much confidence in oil field agreements to conserve the oil and gas, but it may work; however I am ready and willing at any time to answer the special called session to pass a law to remedy the same, if the Governor wants to call the same, and will do everything I can to get a two-third vote on same in the House.

Yours truly,
R. H. HOLLAND,
Rep. 19th District.

Lancaster, Texas, June 22, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
My dear Mr. Todd:

Replying to your letter of June 20th, in which you request my stand on the question of a special session of the Legislature to deal with the oil conservation, let me say to you that I certainly believe that the best interests of the State as a whole would be served by such an extraordinary session of the Legislature.

Your questionnaire which you ask me to answer does not entirely cover my views on this matter. I am one of those who believe, as does the Governor of this State, that the time has come for the formation of a strong Conservation Commission in this state, clothed with all the power and authority that the law can give, to conserve the natural resources,

whatever those resources may be, for the use of the people of this state now and for all time to come.

I believe that the state is a body which will not die, and a concrete and specific interest in every sort of natural resources, and unless there is a definite conservation policy established by this state, the time will be when the natural resources of the state will have been dissipated, or used, and the only sign of the rich natural resources that Texas has possessed, which we will leave to prosperity will be a sunken hole in the ground, and posterity will curse the improvident generation and the short-sighted government that existed and permitted the wanton waste of natural resources, and allowed their exhaustion to impoverish future generations who have an equal right to natural resources the same as those who live today.

If an extraordinary session of the Legislature is called, I hope to be one of those who will advocate and help work out the details of a conservation commission and a conservation policy that will effectively deal with the present oil crisis, and at the same time settle this question of the conservation of natural resources once and for all. I am,

Very truly yours,
RAY HOLDER,
Representative from Dallas County.
(Telegram)

Tyler, Texas, June 25.
W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building.

Conditions as I now see them and considering the situation in all respect I don't believe any call session of Legislature at this time will be of any material benefit.

H. H. HANSON.
(Telegram)

Cameron, Texas, July 1.
W. L. Todd,
Fort Worth, Texas.

Am in favor special session if it will help oil industry.

SAM HEFLEY.
(Telegram)

Palestine, Texas, June 26.
W. L. Todd, Chairman,
Texas Emergency Oil Committee.

Am opposed to special session at this time.

MRS. N. R. STRONG,
Slocum, Texas.

Carrizo Springs, Texas, June 23, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

Yours of the 20th inst. received, with inclosures, all of which has been carefully read.

The calling of a special session of the Legislature is the prerogative of the Governor of the State, and on him rests the full responsibility of whether or not an emergency exists sufficient to justify such a call. This being true, I am sure the Governor has more of the facts before him bearing upon the situation than I have.

If, in Governor Sterling's judgment a special session should be called now or at any time in the future, to consider the oil situation or any other question which he deems imperative, I am ready to attend such session with an open mind to deal with the same, but I am reluctant to express an opinion favorable or unfavorable as to whether or not a special session should be called when I may not have all the facts before me, and especially when the law places that responsibility upon the Governor and he has not requested of me my views.

Trusting this answers your inquiry.

Yours very truly,
A. P. JOHNSON.

(Telegram)

Dallas, Texas, June 25.
W. L. Todd,
Texas Oil Emergency Committee.

Do not have any fixed opinion on proration. Will serve if Governor Sterling calls session.

JACK KELLER.

Austin, Texas, July 2, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.
Dear Mr. Todd:

Unlike many members of the Legislature, I take great pleasure in attending to my own affairs. I am powerless to call any session of the Legislature and I appreciate the precedent established by Governor Sterling and believe that he is just as competent to attend to his duties as the Legislature was during the past session. He did not impose upon any of our rights, and therefore I shall not impose upon any of his. If the Governor deems a special session necessary, all he has

to do is issue the call, and the members should either attend or resign. Very simple—why bother so about the matter.

I resent very much the questionnaire circulated by a certain newspaper endeavoring to ascertain opinions about bills to be introduced. No one knows what the bills really mean, and anyone pledging themselves to blindly support an unknown measure is not keeping his faith with his own constituency.

My personal views regarding proration are of no consequence or value to you. I feel sure that my own electorate understand my attitude, and after all, my actions are merely of interest between the people of Bexar County and myself. I try to represent them to the best of my ability, and I trust to their satisfaction. I do not represent myself, or any special interest; nor am I employed by any special interest.

Replying concisely to your last telegram, I am proud of the fact that at least twenty-six members of the House are willing to let Governor Sterling make the decision regarding an extra session of the Legislature, as it is purely his prerogative. I am happy that I am one of the twenty-six.

Yours very truly,
HAROLD KAYTON.

Austin, Texas, June 26, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.
Dear Mr. Todd:

I was under the impression that I had given you my views on the oil situation, but you have evidently not received same, in view of your wire of yesterday.

For your information, I feel that it is exclusively the prerogative of the Governor to call or not call a special session at any given time. However, I think you are doing a patriotic service to the Governor and to the people of Texas in seeking exact and definite information regarding the position of members on leading questions of the day in anticipation of a call, for which I am sure the Governor is truly grateful. I am leaving the question of the call purely and wholly up to the chief executive.

In the event there is a called session I shall at that time give any matters presented my careful consideration.

Should you be interested in my present inclination, with the information now in hand, I shall be glad to write you further, in regard to any given subject.

I will state however, that the proportions which the agitation for a special session of the Legislature has now assumed would indicate a sufficient public interest in the matter to justify a call for such a term. Further, if the Governor should call the session to deal with the problems of the oil industry he would have my approval in so doing.

Trusting this Statement will aid you in your worthy undertaking, I remain,

Sincerely yours,
VERNON LEMENS,
Rep. 98th Dist., Texas.

(Telegram)

Henderson, Texas, June 25.

W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building.

Am opposed to any further legislation for curtailment of oil for purpose of creating artificial value.

E. H. LASSETER.

(Telegram)

Austin, Texas, June 27.

W. L. Todd,
Petroleum Building,
Fort Worth, Texas.

Am in favor of special session and favor strengthening proration laws.

BOB LONG.

Austin, Texas, June 22, 1931.

Mr. W. L. Todd,
Petroleum Building,
Fort Worth, Texas.
My Dear Mr. Todd:

I am in receipt of your letter of the 20th, touching the oil situation in Texas and inclosing a "slip" for me to sign, stating: "I am in favor of the Legislature meeting to consider, etc."

The Constitution vests the power of calling the Legislature in special session in the Governor and directs that the Governor shall determine upon what subjects legislation shall be had. It follows, therefore, that the executive shall determine the necessity, or lack of necessity, of a special session. This being so, I am content to leave the matter in the Governor's hands; especially is this true since I am a member of the legislative branch of the government, and have no desire

to invade the executive department, when to do so would violate both the letter and the spirit of the Constitution.

I have every reason to assume that the Governor will meet the responsibility imposed on him by the Constitution and will call or not call a special session as he deems best in the light of all the facts. Should he call such session, I will, to the best of my ability, meet the obligations resting on me by virtue of the position which I hold.

Yours, Etc.
T. H. MCGREGOR.

Denton, Texas, July 6, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

It is my opinion that I would support proper conservation bills in the event we are convened in Special Session to consider such legislation.

With best wishes and kind regards, I am,

Sincerely yours,
FRED H. MINOR.

Houston, Texas, July 3, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Replying to your telegram, wish to state that I will certainly be in attendance should a special session be called. I am not in position to express an intelligent opinion on the proposed legislation, for I have not been in position to study same.

Yours very truly,
R. EMMETT MORSE.

(Telegram).

San Angelo, July 2, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Do not see how any statute we could pass would change materially an economic situation. Have always been favorable to maintenance of oil price at profitable figure and if special session will raise price am willing to attend.

PENROSE B. METCALFE.

(Telegram).

Tyler, Texas, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I believe Legislature will be necessary to control oil production.

J. S. MAGEE.

(Telegram).

Texas City, July 1, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am opposed to a special session of the Legislature until the Railroad Commissioners ask the Governor to call it.

MRS. HELEN MOORE.

(Telegram).

Austin, July 2, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I have informed the governor of my position with regard to oil legislation and a special session. For your information will say I favor conservation of our state natural resources and would like to see waste of oil and gas resources checked.

TRUEMAN O'QUINN.

(Telegram).

Fredricksburg, June 25, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Favor special session if Governor considers necessary. Pledge complete cooperation.

PETSCH.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

As the people are prejudiced against a special session, I will not sign your letter, but personally I believe we ought to conserve our resources. I believe we should have acreage control to conserve our soil. Have felt like the oil men could work out some plan satisfactory, but so far it seems they have failed.

Respectfully,

F. A. ROGERS.

Odessa, Texas, June 21, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Mr. Todd:

Acknowledging receipt of your general letter to members of the Legislature, beg to advise that if your committee and the Governor are convinced that some legislation is needed to bring about a better condition of the oil situation in Texas I shall be glad to do my part toward that end, notwithstanding I have been hopeful that the situation might be properly adjusted without a special session of the Legislature.

According to the press your committee is drafting a bill, or bills, which you believe will meet the present emergency. If so I will appreciate a copy of the draft as soon as you have completed it.

May I suggest in this connection, that I have come to believe an independent Oil and Gas Commission under the complete control of the State, the expense of said commission to be paid out of general revenue of the State, will be to the best interest of the State and those connected with the oil and gas development. In this connection I would also favor raising the present production tax from 2 cent to 2¼ cents in order to take care of the expense of the new commission. This one-quarter cent raise to be in lieu of other special levies now in effect.

If possible the law should protect leases where the owners desire to delay development for more satisfactory marketing conditions.

Very sincerely yours,

LEE SATTERWHITE.

Gainesville, Texas, June 25, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Fort Worth, Texas.

Dear Sir:

In reply to your telegram of the above date will state that I am opposed to proration as a fundamental principle but I am not so fundamentally opposed to it but that I think some legislation might be expedient at the present time.

I am opposed to the Howsley Bill but that does not necessarily mean that I am opposed to all legislation in regard to the oil business.

I am opposed to calling a special

session until the oil fraternity or the Governor has something definite to offer along the line of proration. In case they do have then I would favor a special session for the purpose of thrashing it out.

Trusting that this will be satisfactory, I am

Yours very truly,
C. F. SULLIVAN.

Elgin, Texas, June 25, 1931.

W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Replying to your telegram today regard to special session:

Having no oil interest in my district, I have given this matter but little careful study until recently when it appears that the whole state is affected. Therefore feeling that the Governor is in far better position to determine just what is best under the present circumstances, I am leaving the matter of a special session entirely up to him so far as I am concerned, and having the utmost confidence in him, I will very likely support his recommendations in case he sees fit to call a special session.

Yours very truly,
J. O. SMITH,
Representative 127th District.

Madisonville, Texas, June 26, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

In answer to your telegram of the 25th will say that I am not in favor of a called session of the Legislature to consider oil and gas conservation.

I doubt that a bill could be drawn that would be satisfactory to both the major and independent oil companies, and then I doubt if the House would be able to get 100 votes necessary to put it in immediate effect. So in the 120 or more days the proposition in my judgment would adjust itself.

I remain yours very truly,
HENRY A. TURNER.

(Telegram)

Nacogdoches, June 25, 1931.

W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

I am ready and willing to cooperate with Governor to pass law to remedy oil situation.

W. E. THOMASON, Senator.

Joshua, Texas.

Hon. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Your telegram was received this morning. I had been away from home some days and have since seen your letter in reply to your wire with reference to a special session of the Legislature. There should be something done to remedy the oil situation. I have been thinking for some days that Governor Sterling would call the Legislature in special session without the members of the House and Senate taking action on the matter. He is a practical oil man and should know that something should be done to remedy the situation, and I hesitate to advise him on what I think is his duty. I think however he should act and call the special session and if he does I will be there to help pass legislation to remedy the oil situation. I think the time has come for the Governor to make the call.

I am truly yours,
JOHN H. VEATCH,
Representative 98th District.

Tiogo, Texas, June 25, 1931.

Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Dear Sir:

Referring to yours of the 20th inst., and your wire of even date herewith relating to oil proration, please be advised that I am not in a position to commit myself in regard thereto; however, you may be assured I will give same my earnest consideration in the event a special session of the Legislature is called for the purpose of attempting to solve this problem. I am by nature opposed to governmental interference with the proper use of private property and the future restric-

tion of equitable remedies for the protection thereof. Unless conservation is properly provided for under any plan of proration, I am not inclined to favor extending further the powers of the Railroad Commission and in either event no conservation commission should be established unless it be found absolutely necessary.

Thanking you for your kindly interest, I am,

Yours truly,
OLAN R. VAN ZANDT.

Vernon, Texas, June 23, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

I supported the Howsley Bill during the last session and believe that such proposed bill with some amendments will be sufficient. I certainly think the oil question is of sufficient magnitude to warrant a special session. We know that no gentlemen's agreement will stand the test very long and therefore the present plan in East Texas will no doubt fail just as soon as one or two producers decide that it is all wrong. It certainly is my desire to do for the oil business that which should be done and we as members of the Legislature are looking to the fraternity to direct the way.

Yours very truly,
ALBERT G. WALKER.

Canyon, Texas, June 26, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Sir:

Replying to yours of yesterday, I do not wish to presume to be able to tell what should be done in the present oil emergency. I attended a meeting in Amarillo recently in which the independent dealers expressed a decided opposition to a special session of the Legislature. They may be wrong. I am unable to say.

So far as a special session is concerned, I believe the Governor is in a position to decide, and for that reason, if he calls the session, I am willing to come and do my dead level best to assist in passing helpful legis-

lation as I realize the oil business is in a deplorable condition.

Yours very truly,
CLYDE W. WARWICK.

(Telegram)

Jonesboro, June 25, 1931.
W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.

Have expressed to Governor Sterling my opinion that a special session should be called to enact legislation to conserve the oil resources of Texas.

FRANK WEST.

Waco, Texas, June 26, 1931.
Mr. W. L. Todd, Chairman,
Texas Oil Emergency Committee,
Petroleum Building,
Fort Worth, Texas.
Dear Mr. Todd:

Replying to your letter and telegram regarding extra session of the Legislature, I wish to advise that I am not sufficiently informed in regard to the oil situation to express an opinion as to whether an extra session is necessary. I am entirely willing to leave the matter up to Governor Sterling who, I think is fully qualified to pass on the matter.

Yours very truly,
LAWRENCE WESTBROOK.

TWELFTH DAY.

Senate Chamber,
Austin, Texas,
July 31, 1931.

The Senate met at 10 o'clock a. m., pursuant to adjournment, and was called to order by President Pro Tem Tom DeBerry.

The roll was called, a quorum being present, the following Senators answering to their names:

Beck.	Moore.
Berkeley.	Neal.
Cousins.	Oneal.
Cunningham.	Parr.
Deberry.	Parrish.
Gainer.	Patton.
Greer.	Poage.
Hardin.	Pollard.
Holbrook.	Purl.
Hopkins.	Rawlings.
Hornsby.	Russek.
Loy.	Small.
Martin.	Stevenson.